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Period covering October 1, 2005 – Dec. 30, 2005
(1st Quarter of FY 2006)

Transparency, Anti-Corruption and Accountability Program
Task Order Number DFD-I-03-03-00139-00

GUATEMALA, PANAMA, NICARAGUA AND EL SALVADOR

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A. EXECUTIVE SUMMARY

This quarterly report covering the period October 1 through December 31, 2005, is being presented by Casals & Associates, Inc. (C&A) in compliance with both Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00, Transparency, Anti-corruption, and Accountability Program (T/AC) and includes the individual reports for Guatemala, Panama, Nicaragua and El Salvador.

During the reporting period the Program has picked up significant pace in the participating countries. El Salvador, which joined the Program in the latter part of the previous reporting period, has developed its Work Plan for FY 2006 which is now pending final approval by the USAID. Panama and Guatemala have continued to increase and expand the level of implementation and are now engaged in activities covering almost all of the LLRs which are relevant to each country Program. Nicaragua, is taking steps to correct initial issues and distortions and is starting to work with civil society and other actors to address the established results framework. Program activities aimed at improving and increasing the participation of Civil Society Organizations (CSOs) in promoting and generating a demand for transparency and accountability have increased significantly in Panama, Guatemala and Nicaragua, as well as the policy dialogue with and technical support to Governmental institutions. The Program also continued to work with Governments and with legislative and judicial branches in promoting public policy reform activities aimed at increasing transparency and accountability as well as government compliance with the Inter-American Convention Against Corruption (IACC).

The Gender Action Plan and the Monitoring and Evaluation Plan have been completed in close consultation with the USAID Missions in Nicaragua, Panama and Guatemala and they are pending formal approval by USAID. El Salvador will incorporate its input into these plans once there is an approved Work Plan for FY 2006.

The Work Plan for FY 2006 has been approved for Guatemala and Panama, is pending approval for El Salvador, and is pending review and approval for Nicaragua. Following is a brief summary (highlights), by Sub Intermediate Result (Sub IR), of the country-specific progress that has been achieved during the reporting period:

1. GUATEMALA

Sub IR 2.1: More transparent systems for management of public resources by the national government

- The disaster situation caused by Tropical Storm Stan created a window of opportunity for the T/AC Program to intervene in support of GOG actions aimed at assuring transparency in the use of local and donor resources during disaster relief and rehabilitation as well as in the reconstruction process that has been scheduled

to start in early CY 2006. For example, at the request of the Presidential Commissioner for Transparency and Anti-Corruption, the Program provided technical assistance in the development of a GOG Transparency Plan for the reconstruction process. The Plan was developed by T/AC Program Consultant Marcelo Ugo and is now being considered for implementation by the GOG.

- In a parallel fashion, the GOG requested the CSO Accion Ciudadana to support GOG transparency efforts during the reconstruction through the implementation of a concurrent social audit of the reconstruction program. The T/AC Program awarded a grant to Accion Ciudadana, in the amount of US\$ 154,000, to carry out such social auditing effort in the Departments of Solola, San Marcos and Quetzaltenango.
- The Program supported an effort to disseminate the recommendations issued by the IACC Committee of Experts for Guatemala. Booklets and CD's containing the IACC recommendations were issued and distributed to interested actors in Guatemala and several meetings and workshops were implemented by the GOG and civil society to discuss and analyze the conclusions and recommendations of the IACC report for Guatemala. In addition, and as a follow-up activity to the USAID mainstreaming workshop sponsored by the T/AC Program, a special activity was organized in November, 2005, for USAID officials to introduce the IACC recommendations as well as the country reports prepared by GOG and by civil society (the independent report). These two reports were discussed by the Committee of Experts in October, 2005, and served as a basis for the presentation of the recommendations for Guatemala.
- In support of the Presidential Commissioner for Transparency and Anti-Corruption, the Program continues supporting the preparatory activities for the 12th. Transparency International (TI) World Conference to be held in Guatemala in November, 2006.
- The Centro de Investigaciones Económicas Nacionales (CIEN), the civil society organization that elaborated the Budget Transparency Index for Guatemala presented its final conclusion and country report in November 2006.
- USAID signed Letters of Understanding (LOU) with key Guatemalan agencies such as the National Congress (Legislative Branch), the Presidential Commissioner for Transparency (Executive Branch) and the Supreme Court (Judicial Sector) to lay out T/AC Program assistance to the three branches of the State in the area of transparency and anti-corruption. As a result of these LOUs, the T/AC Program is now engaged in the provision of assistance to the three branches of the State of Guatemala aimed at furthering Program objectives to improve transparency in the public sector.



Ambassador Derham during the LOU signing ceremony with the Judicial Branch

- One significant achievement in Guatemala came about as a result of the T/AC Program implementing a concerted policy dialogue effort with the National Congress (including the President of the Legislature) which served as a catalyst to promote and obtain the ratification by Guatemala of the United Nations Convention against Corruption – UNCAC. A specific Program activity which included the participation of key legislators, a civil society representative and one representative from the Justice Sector to a Regional Seminar on the UNCAC in Buenos Aires was part of this effort which resulted in the approval of the UNCAC by the National Congress on November 24, 2005, through Legislative Decree 91-2005, and the ratification by the President of Guatemala on December 21, 2005.
- An important activity during this period was the participation of nine Guatemalan Officials from all branches to the Regional Good Governance Forum held in Mexico in November 2005. The Program had made provisions to carry out follow-up activities with the participants aimed at furthering the promotion of public policy reform to modernize the Guatemalan public sector in the area of transparency and accountability.

Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizen needs

- The T/AC Program has continued to maintain coordination with other USAID programs and partners in the area of social auditing at the local (municipal) level. As a result of such coordination, social audit documents have been shared and discussed between programs. At the end of the reporting period, the T/AC Program is finalizing comments to the Social Auditing Manual developed by the USAID Local Government Program. These comments will be forwarded and discussed with USAID and its local government Partner as a basis to develop more comprehensive guidelines for social auditing at the municipal level.

Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

- In spite of the fact that the T/AC Program in Guatemala started activities in February, 2005, allowing for a rather short period of implementation during the balance of the Fiscal Year, the FY 2005 grant fund budget for sub-grants aimed at strengthening citizen participation in the oversight of Government transparency was 90% effectively utilized within a few months.
- The Program has been systematically monitoring grants that have already been approved and, as stated above, has additionally approved and signed, on December 14, a new grant to Accion Ciudadana to monitor and conduct social auditing of the GOG Reconstruction Program through February, 2007.
- The Program continued consulting with private sector groups to promote private sector participation in the US Department of Commerce Good Governance Program

after the DOC announced the expansion of the Good Governance Program in Guatemala, El Salvador, and Honduras.

SUB IR 2.4: Accountability of elected and appointed officials improved

- The T/Ac Program has attended several meetings with the Comptroller General and with the Probity Directorship of the Office of the Comptroller General aimed at defining areas of intervention for the Program to assist the OCG in improving the operation and control of assets declarations by public and elected officials. At the end of the reporting period, it was discovered that there might be a duplication of efforts with assistance being provided by Coalicion por la Transparencia and with UNDP financing. During the next reporting period, the Program will coordinate with the coalition and with UNDP in order to assure complementation and the most efficient use of resources in this very important area of assistance to the OCG.

2. PANAMA

Sub IR 2.1: More transparent systems for management of public resources by the national government

- Providing technical advice to the Presidential Commission responsible for drafting a new penal code. Thanks to the Program's support, the insertion of a complete chapter on "Corruption Crimes", compliant with international anti-corruption conventions, is being considered in this document.
- Following up on the design of a comprehensive training program by offering three training courses to the Office of the Comptroller General in Fraud Audit, Risk Management and Control Practices and Government Procurement Audit. In most instances, these courses were directed to staff that had not received any type of specialized training in more than five years. All of the courses included field practices.
- Co-organizing three seminars and workshops on ethics for the public sector with the National Anticorruption Council. They were directed to mid and high level government officials in a position to replicate similar actions in their respective agencies.
- Putting together the efforts of six civil society organizations into a joint event that displayed each of their individual efforts to promote government accountability and anti-corruption.
- Exposing GOP officials to international best practices in government innovation and transparency through their participation at the Tenth Congress of CLAD (Chile, October 2006) and at a Regional Forum on Good Government in Mexico City (November, 2005).

- Expanded cooperation links to other GOP agencies, mainly the Attorney General's Office, where the Program began the design of a virtual encounter of Attorney Generals' of Central America.

Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs.

In accordance with our Work Plan and USAID/Panama's priorities, the program will schedule activities under this LLR as opportunities arise.

Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making.

- Supporting the design of a stage play on ethical dilemmas in all sectors of civil society written and performed by middle-school students. The students offered four performances for a general audience of more than 400 people, mostly teenagers, in Colon and Panama City.
- Sponsoring *Alianza Ciudadana's* work in connection with its participation in the Pre-Selection Committee of Supreme Court Justices. This was the first time that a non-governmental organization was invited by a President to provide input on the candidates for the highest posts in the Judiciary.
- Identifying and funding the participation of three international speakers at the Annual Congress of the Panamanian Association of Judges, who spoke on the judicial reform process and its impact in reducing corruption.
- Designing an anti-corruption seminar and a round table on fraud detection and investigation along with the Institute of Criminology of the Universidad de Panama.

Sub IR 2.4: Accountability of Elected and Appointed Officials Improved.

In accordance with our Work Plan and USAID/Panama's priorities, the program will schedule activities under this LLR as opportunities arise.

3. NICARAGUA

Sub IR 2.1: More transparent systems for management of public resources by the national government:

- Facilitated formation of a civil society group focused on monitoring the progress of GON commitments under the IACC.

- Significant products from the consultancy “Study and Analysis of Corruption Crimes in the Reform Project of the Nicaraguan Penal Code.”

Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizen needs:

- Grant signed with CSO Grupo FUNDEMOS for municipal participatory budget efforts.
- Excellent results from participatory budget process in San Marcos, Carazo.

Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making:

- Training of Nicaraguan journalists in Panama.

Sub IR 2.4: Accountability of elected and appointed officials improved:

- Contract agreement with IFES for political party finance assessment.

4. EL SALVADOR

- During this quarter, full mobilization status was granted to the Transparency, Anti-corruption and Accountability Program (T/AC) in El Salvador. The official name by which the T/AC Program in El Salvador will henceforth be known is the Transparency and Governance (TAG) Program. As such, a priority for the TAG Program was to make a swift transition from a two-month pre-deployment phase (August-September 2005) into a “normal” operational modality.
- The TAG Program was officially launched on Friday December 9th. For this purpose, the TAG Program invited over 140 stakeholders representing governmental and non-governmental sectors and potential counterparts. The program organized the launching event on its premises. More than 70 guests attended the launching ceremony. In accordance with USAID, the selection of the date to hold the launching coincided with the celebration of the International day for Anti-corruption.
- Finalized the elaboration of the Work Plan and Expanded proposal, in accordance to a modification of the original scope of work, and turned these documents to USAID for approval.
- Successful culmination of key administrative activities, (hiring personnel, establishing an office space, equipping it and obtaining the necessary services, as well as legalizing the project according to current laws), providing the TAG Program with the necessary administrative infrastructure to implement activities. This

included, an Internal Mainstream Training for the entire TAG Program Staff so they are familiar with the work plan and proposal, as well as with the principal topics, strategies and approaches of the program.

- With the concurrence of USAID, during part of November and the entire month of December 2005, TAG Team members met with about 15 key governmental and non-governmental stakeholders. The purpose of these meetings was to present the program, discuss potential areas of collaboration and to create spaces for dialogue on a number of issues related to the TAG Program. Given that this is the first time in El Salvador that a program specifically emphasizing transparency is being implemented, the policy dialogue and consultation process becomes a key strategic tool to measure political will, build public interest in reinforcing the will of the government, and facilitate implementation of the activities of the TAG Program.

B. MULTI-COUNTRY ACTIVITIES

➤ Monitoring and Evaluation Plan

A third and final version of the M&E Plan was developed by consultant Patricia Delaney in close consultation with USAID Missions and T/AC Program staff in Guatemala, Nicaragua and Panama. This version was submitted to USAID for final review and approval. It is expected that such approval will take place in early January 2006 and that El Salvador will incorporate its input into the Plan after they have an approved Work Plan for FY 2006. This final version of the M&E Plan now contains country-specific indicators as well as overall indicators for the Program as required in the TO. Highlights of the M&E Plan are the following:

- The process to determine the revisions was participatory and inclusive and it bodes well for future implementation of the plan.
- The majority of the indicators are strong.
- Gender-specific targets and indicators, as appropriate, have been incorporated directly into this version of the plan.
- This is a living and dynamic document and will necessarily be adjusted as the program moves forward.
- The document contains a new section about the resource implications (human and financial) of the M&E Plan.
- Per the request of the multi-country CTO, definitions have been included for the one activity for which there was no general agreement among the countries (formal and informal social audits).

➤ Gender Action Plan

A final and revised version of the Gender Action Plan was developed by Patricia Delaney in close coordination and consultation with USAID and T/AC Program staff in Guatemala, Nicaragua and Panama, and the plan was submitted to USAID in December 2, 2005. It is expected that USAID approval will be forthcoming in early January 2006 and that El Salvador will incorporate its input into the Plan once they have an approved Work Plan for FY 2006.

The plan is the result of extensive consultations with CTOs and Casals staff in Nicaragua, Guatemala, and Panama. It reflects and incorporates all of the general feedback and the country-specific feedback provided in the previous version.

As the Program moves forward with the implementation of the GAP, there are a few remaining issues that will require more attention. While the Gender Focal Points have made good progress in beginning to implement a gender sensitive approach in the T/AC Program, they will continue to need support and capacity building. Accordingly, it is important to consider the following:

- Establishing regular patterns of communication among Gender Focal Points – GFP. In addition to information-sharing on the intranet site, establishing a regular monthly teleconference to exchange ideas and get feedback is recommended. An in-person technical meeting would also be very beneficial.
- Providing resources for Gender Focal Points. Dr. Delaney provided a preliminary bibliography to the GFPs in Nicaragua, Panama, and Guatemala, and several other books are also suggested.
- Planning for the Gender and Transparency Workshop. Dr. Delaney recommended that one Gender Focal Point be designated as the 'lead' for this multi-country activity. It is not too soon to begin planning the themes for this important event.
- Continuing dialogue with USAID. The consultant recommends that the Gender Focal Point formalize periodic consultations with WID/GAD (gender monitoring personnel) within the Mission. The timing should be left to individual countries. This dialogue should not only keep the Mission informed about gender integration in the T/AC but also remind USAID to include the Gender Focal Point in any training, workshops, or other events concerning gender.

➤ **Multi-country Opportunity Fund**

A Transparency and Anti-Corruption Mainstreaming Workshop for to USAID Missions is being implemented as a multi-country effort in the T/AC Program countries. Thus far, USAID Missions in El Salvador, Nicaragua and Guatemala (the last two Missions had it during the reporting period) have received this training and Panama has yet to schedule the event.



USAID/G-CAP during Anti-Corruption
Mainstreaming Workshop on October 6 & 7,
2005

Additional multi-country activities, as reflected in the FY 2006 Work Plan, will be discussed among the participating countries and will be presented for USAID consideration and approval.

GUATEMALA

Introduction

This quarterly report covering the period October 1 through December 31, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with both Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00, Transparency, Anti-corruption, and Accountability Program (T/AC).

I. Technical Update

i. Key Activities by Sub-IR and LLR for the Quarter

SO: Ruling Justly: More Responsive, Transparent Governance

IR 1 – Strengthened Rule of Law

IR 2 – Greater Transparency and Accountability of Governments

Executive summary:

Significant Program efforts were devoted during the reporting period to the negotiation and signing of Letters of Understanding (LOUs) between USAID and the three Branches of the State to lay out areas for T/AC Program assistance. The emergency situation caused by Tropical Storm Stan also demanded a great effort on the part of the Program to materialize assistance to the GOG and to civil society in order to ensure transparency during the disaster relief and rehabilitation efforts as well as during the forthcoming reconstruction process. Preparations for the participation of Guatemalan officials in the Good Governance Forum in Mexico, the development of the FY 2006 Work Plan, and the completion of the Monitoring & Evaluation Plan and Gender Action Plan also were very staff intensive for the T/AC Program in Guatemala.

To enhance the T/AC Program's role in the promotion of government transparency and to further T/AC Program objectives, the Program actively pursued and negotiated the signing of LOUs between USAID and the three Branches of the State. The Executive Branch LOU was signed with the Presidential Commissioner for Transparency and Anti-Corruption, the Judicial Branch was signed with the new President of the Supreme Court of Justice and the Legislative Branch with the reelected President of the National Congress. The three LOUs establish the scope and parameters for the support to be provided by USAID through the T/AC Program during the life of the Program and lay out the commitments of the three Branches of the State to facilitate and support program interventions.

The Stan Storm Emergency in October 2005 caused severe damage to infrastructure in several areas of the country and had a very negative social and economic impact. To recover from the effects of Stan, the GOG developed a Reconstruction Program which will be implemented during CY 2006 and the early part of CY 2007. The GOG

appointed a special commission to coordinate and monitor the execution of the Plan and established the criteria and parameters for its implementation. Among such criteria, the topic of transparency received special attention on the part of the GOG, and President Berger requested that the Commissioner for Transparency delineate a transparency plan for the Government, and, at the same time, that Accion Ciudadana (the TI Chapter in Guatemala) conduct a concurrent social audit during the reconstruction process. During the reporting period the T/AC Program worked intensively to assist the Presidential Commissioner in the development of the government transparency plan (already completed), and negotiated and awarded a grant to Accion Ciudadana to carry out social auditing of the GOG reconstruction efforts in the Departments of Solola, San Marcos and Quetzaltenango.

As part of its policy dialogue agenda with public sector officials from all branches of the State, private sector leaders and leaders of CSOs and NGOs, the T/AC Program is constantly reminding its Guatemalan counterparts about the importance of the 12th TI World Conference to be held in Guatemala in November of 2006. In so doing, the Program has effectively brought to the attention of counterparts that during the Conference the eyes of the world will be centered in Guatemala and that the Guatemalans have to come to this event with a plate full of achievements in the area of transparency and anti-corruption. The ratification of the UN Convention Against Corruption (already achieved), the passage of freedom of information legislation, reforms to the Probity Law, civil service career legislation, modifications to the law on GOG procurements, bureaucratic simplification, etc, are among the public policy reform topics that the T/AC Program brings to the attention of Guatemalans as “must do” items before the TI Conference in November.

A regional forum on good governance took place in Mexico, Nov. 6 to 11. Over the past decade, Mexico has accomplished significant advances in the area of modernization of the stated aimed at improving transparency in how government does business. The Program invited 8 high level Government officials to attend the event, learn about good and promising practices in Mexico and other countries and plan to develop and pursue a substantive public policy reform agenda in order to improve transparency and accountability within the GOG. The Program will follow up with the participants and will pursue a reform agenda based on the Mexico experience.



Participants from Guatemala in the Regional Forum of Good Governance in Mexico, D.F.

The T/AC Program took advantage of the International Day against Corruption, December 9th, to pursue and promote a number of activities relevant to this celebration. Among others were: the signing of the LOU with the Legislative Branch; the ratification of the United Nation Convention against Corruption (UNCAC) that came as a result of

advocacy and policy dialogue on the part of the Program, the attendance by Guatemalan Officials and one representative from civil society to the Regional Seminar in Buenos Aires aimed at improving the knowledge about the scope and mechanisms of the UNCAC; and, the signing of a Presidential Decree to regulate free access to information within the Executive Branch. As stated above, these are very important T/AC Program achievements which lay the ground for improved government transparency and additional program activities to this end.

A. Sub IR 2.1: More transparent systems for management of public resources by the national government

LLR 2.11: National anti-corruption/transparency strategy completed and implemented

In support of the Presidential Commissioner for Transparency and Anti-Corruption, the Program continues supporting the preparatory activities for the 12th Transparency International (TI) World Conference to be held in Guatemala in November, 2006. Specifically, the T/AC Program contracted a consultant to help with the preparatory activities. The consultant will continue to work, mainly on administrative and logistical matters, until November, 2006. During the reporting period, the consultant worked in coordinating the visit of the two Conference Coordinators from TI Berlin and contributed to update them on the progress achieved by the GOG in making preparations for the event. Thus far, the GOG has formed an organizing committee, completed terms of reference to contract a specialized firm to be in charge of the organization, has selected the venue, made reservations, made preparations for a web site to announce and promote worldwide participation and is moving ahead at a reasonably good pace.

A Letter of Understanding (LOU) between USAID and the Presidential Commissioner was signed on October 26, 2005. The LOU lays out the scope of assistance to be provided to the Commissioner by the T/AC Program. The Secretary of the Presidency signed as Honorary Witness.

The Program celebrates the signing by President Berger of an Executive Decree which establishes and regulates free access to information within the Executive Branch. The overall objective of the decree is to provide the general public with quick access to information from government institutions and thus make more transparent the management of public matters and public resources by the GOG and provide for accountability of public officials. Citizens can now present requests for information and such requests must be responded to as long as there is a petitioner's name, identification, clear description of the information requested, and an address to which to send the response.



Glenn Anders, Mission Director, and Hugo Maúl, Presidential Commissioner for Transparency and Against Corruption during the signing ceremony.

Tropical Storm Stan took a heavy toll in terms of all types of social and economic infrastructure damaged or destroyed. The development of an overall GOG Transparency Action Plan was set aside and the T/AC Program, in response to a specific request from the Presidential Commissioner for Transparency, devoted time and effort to develop a specific plan and strategy to ascertain transparency in the GOG disaster relief and rehabilitation efforts as well as in the reconstruction process to start at the beginning of the next reporting period.

The Transparency Plan was developed by a technical expert contracted through the T/AC Program, in consultation with the Presidential Commissioner. This Plan suggested, among other actions, to put into practice a web page informing about the reconstruction projects that are being executed, close coordination with local councils to define and prioritize reconstruction projects, and the development of an adequate complaints and information system.

LLR 2.1.2: Implementation of the commitments of the Inter-American Convention against Corruption (IACC)

During the reporting period the T/AC Program assisted the Office of the Presidential Commissioner for Transparency in disseminating the recommendations issued by the IACC Committee of Experts for Guatemala. Booklets and CD's containing the IACC recommendations were issued and distributed to interested actors in Guatemala and several meetings and workshops were implemented by the GOG and civil society to discuss and analyze the conclusions and recommendations of the IACC report for Guatemala.

The meetings and workshops organized by the GOG involved several government agencies as well as the National Congress and the Office of the Comptroller General. In turn, the CSO Acción Ciudadana (AC) organized a press conference to present the IACC recommendations to the media and to other CSOs. At this press conference, AC also presented suggestions for activities to monitor GOG compliance with the IACC.

A special workshop for USAID officials was organized in November, 2005 to introduce the IACC recommendations. The executive director of the Office of the Presidential Commissioner for Transparency and one representative from Accion Ciudadana participated during this event and presented both the GOG report as well as the civil society independent report which served as the basis for the Committee of Experts to develop the specific recommendations for Guatemala. USAID attendees' participation was very active and demonstrated a strong interest in the subject.

With Program support, AC contracted the specialist that worked in the elaboration of a map of indicators that will measure Government compliance with the IACC recommendations and commitments. The consultant defined indicators in accordance with a variety of themes and issues. These indicators were discussed and analyzed with relevant and independent actors and groups, different from AC and the consultant. The

main objective was to validate the indicators with civil society organizations and the GOG.

In addition, through a T/AC Program grant, AC invited civil society organizations such as Asociación Guatemalteca de investigaciones del Presupuesto (AGIP), Sistema de Monitoreo de la Obra Pública de la Cámara Guatemalteca de la Construcción, Coordinadora Sí Vamos por la Paz, Grupo Apoyo Mutuo, Federación de Escuelas Radiofónicas, Comité Beijing de Guatemala and Observatorio Ciudadano para el Libre Acceso a la Información, to continue monitoring GOG compliance with the IACC recommendations and provided training in the use of the map of indicators that was developed with T/AC Program assistance. The participating CSOs signed an agreement between them to strengthen their role in this area.

A Letter of Understanding was signed on November 17, 2005, between USAID and the President of the Supreme Court. For USAID, the LOU was signed by the US Ambassador and the Mission Director. Under the LOU, the T/AC Program is to provide support to assist the Judiciary in the development of a strategic plan to implement the IACC commitments and recommendations within the areas of responsibility of the Judiciary as a permanent policy of the State of Guatemala that will transcend democratic transitions in the Judicial Branch. The T/AC Program has negotiated consultant services with Corporación Latinoamericana para el Desarrollo –CLD-, an Ecuadorian organization highly experienced in this area. The process of sub-contracting is ongoing, and it is expected that the first consultant will be deployed in the early part of the next reporting period.

Through a T/AC Program grant, AC developed a methodological document containing qualitative and quantitative indicators to evaluate access to information in Guatemala. This methodology and indicators have been improved by international experts and during the next quarter will be validated with key local actors. After the indicators to measure GOG compliance with the IACC and free access to information are established for the country, a country baseline will also be developed to establish actual progress in future reporting periods.

LLR 2.1.3: Improved national government budget transparency, management and execution

The Centro de Investigaciones Económicas Nacionales (CIEN), the civil society organization that designed the Budget Transparency Index for Guatemala, presented, a report containing its final conclusions and country report on November 16, 2005. The dissemination phase will be developed during the next quarter.

This is the first time that Guatemala is participating in this international index. The baseline rating that was developed through a survey involving key local experts shows important deficiencies in the area of transparency within the budget process. When local experts were asked to evaluate budget transparency on a scale of 0 to 100, 100 meaning complete transparency, Guatemala was ranked at 47.69 before the survey and

43.48 after the survey. This score places Guatemala ahead of Nicaragua and El Salvador, and behind Costa Rica, Colombia, Mexico, Peru and Argentina.

The T/AC Program initiated conversations with CIEN in order to develop a reform agenda aimed at improving budget transparency in Guatemala. This agenda will be finalized during the next reporting period.

LLR 2.1.4: Systematic Government deficiencies identified and addressed in key line ministries

The fourth grant awarded to Acción Ciudadana, in which Fundación Derechos Económicos, Sociales y Culturales para América Latina (DESC) participates as a cooperating partner, is moving ahead and advancing work aimed at conducting an analysis to define and implement a reform agenda aimed at improving transparency and accountability in how the GOG manages discretionary spending (i.e. FONAPAZ).

The design of the National Integrity System is a tool that provides insight and information relevant to the identification of public policies and strategies to prevent and combat corruption. Accion Ciudadana, with T/AC Program support, has gathered the necessary information through interviews and document research and has systematized and is analyzing the general information in order to validate the conclusions and recommendations with key actors. The public presentation is expected to take place during the next quarter.

With all the necessary information at hand and according to the 2006 work plan, the T/AC Program will promote actions to address transparency concerns in two line ministries.

LLR 2.1.5: Initiatives to reduce petty corruption (solicitation of bribes) developed and implemented

Through a Program grant, AC is in the process of developing a corruption perception and experience index (IPEC) for Guatemala, with limited assistance from the Mexican TI Chapter. The survey was revised to introduce and incorporate gender analysis and gender integration and it is hoped that it will provide a perspective on how petty corruption affects men and women. The IPEC results will provide a baseline to design a public awareness and educational campaign to better inform citizens about their rights and how they should prevent being subjected to bribe solicitation.

LLR 2.1.6: Key oversight agencies strengthened

As a result of dialogue and negotiations by T/AC Program staff and the Program CTO, USAID signed Letters of Understanding (LOU) with key Guatemalan agencies such as the National Congress (Legislative Branch), the Presidential Commissioner for Transparency (Executive Branch) and the Supreme Court (Judicial Sector) to lay out T/AC Program assistance to the three branches of the State in the area of transparency

and anti-corruption. As a result of these LOUs, the T/AC Program is now engaged in the provision of assistance to the three branches of the State of Guatemala aimed at furthering Program objectives to improve transparency in the public.

T/AC Program has also had dialogue with the Office of the Comptroller General and the Probity Directorship of the OCG with the aim of defining a niche for Program intervention to improve the operation, analysis, control and verification of assets declarations by public and elected officials. At the end of the reporting period it was discovered that the OCG already has an agreement with Coalicion por la Transparencia which, with UNDP financing, will provide assistance to strengthen the Probity Directorship. The Program has decided to wait for an initial assessment to be completed by Coalicion in order to determine, together with Coalicion, UNDP and the OCG, the most propitious role for the T/AC program that is not duplicative of what Coalicion will be doing at the OCG. Definitions will be made during the next reporting period.

The National Congress LOU was signed on December 7, 2005, two days before the celebration of the International Day against Corruption.



USAID Director, Ambassador Derham, and President of the National Congress during the LOU signing ceremony

As part of this celebration, the T/AC Program, the National Congress and the GOG ratified the United Nations Convention against Corruption (UNCAC). This was a key achievement resulting from T/AC Program policy dialogue efforts with the legislative branch, which included several meetings with the President of the Congress. In addition, the T/AC Program sponsored the participation of key legislators, a representative from the Judicial Branch and a representative from civil society to the UN Regional Seminar on the UNCAC in Buenos Aires to improve the knowledge in Guatemala about the contents, scope and mechanisms of this important international convention.



Participants during the UNCAC Seminar in Argentina

During the seminar in Buenos Aires several of the key elements of the convention were discussed and analyzed. For example, government procurement, traffic of influence, conflict of interest, the private sector and the supervision of banks/ finance agencies to detect and prevent money laundering practices were some of the topics discussed.

The T/AC Program negotiated with the National Congress regarding specific support to: 1) improve the operation of their Offices of Citizen Service and attention; and, 2) improve the operation of the Congress' website. For both, the Program is still awaiting

the specific proposals to be submitted by the National Congress, hopefully during the next quarter.

One of the main activities during the reporting period for this LLR was the participation of high level Guatemalan officials from the three branches of the State in the Regional Good Governance Forum that took place in Mexico City in early November, 2005. The objective of the Forum was to share with an international audience (principally Central America and Mexico) promising practices and lessons derives from experiences in modernization of the state, particularly those aimed at improving government transparency. USAID Guatemala and the T/AC Program promoted the event in Guatemala and, through a concerted effort, were able to send to Mexico a delegation of prominent individuals (the Program's CTO from USAID and the Program Director also participated in the event). The purpose for sending the delegation is for them to follow-up on the what they learned and experienced, with the aim of promoting among participants the need to develop a public policy reform agenda based on the Mexican and other experiences that could contribute to improving transparency and accountability in the management of public affairs and resources in Guatemala. Initial contacts have been made by the T/AC Program during the reporting period to organize a meeting of the participants in the early part of CY 2006. Additionally, the USAID CTO and Chief of party will also participate.

B. Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs

As stated in the Executive Summary, the T/AC Program has continued to maintain coordination with other USAID programs and partners in the area of social auditing at the local (municipal) level. As a result of such coordination, social audit documents have been shared and discussed between programs. At the end of the reporting period, the T/AC Program is finalizing comments to the Social Auditing Manual developed by the USAID Local Government Program. These comments will be forwarded and discussed with USAID and its local government Partner as a basis to develop more comprehensive guidelines for social auditing at the municipal level.

C. Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

LLR 2.3.1: Strong civil society participation and oversight

In spite of the fact that the T/AC Program in Guatemala started activities in February, 2005, allowing for a rather short period of implementation during the balance of the Fiscal Year, the FY 2005 grant fund budget for sub-grants aimed at strengthening citizen participation in the oversight of Government transparency was 90% effectively utilized within a few months. Some of the achievements resulting from grants to CSOs include the strengthening of contact and dialogue among CSOs, development of synergies between groups, improved awareness of GOG commitments vis-à-vis the IACC, better knowledge and better information to promote public policies to improve

government transparency, new techniques and methodologies to measure and track progress in key transparency issues, etc.

Examples of civil society networking and synergies between CSO groups include: the AC-led civil society group to monitor GOG compliance with the IACC Committee of Experts recommendations; the DOSES and Accion Ciudadana joint efforts to work towards the passing of an Access to Information law; the AC-DESC effort to improve transparency and accountability in GOG discretionary funds, and; Coalición por la Transparencia (Accion Ciudadana, Cámara de Comercio, CIEN) addressing key public policy reform issues, among others.

Through joint CSO/GOG efforts and activities supported through T/AC Program funds, key actors in Guatemala now have a better knowledge and are more aware of what it entails for Guatemala to comply with the commitments made under the IACC. In fact, some of the institutions, such as the Judicial Branch, are in the process of developing action plans that seriously take the IACC into consideration and are responsive to the State obligations and responsibilities in this area.

During the reporting period, the Stan Storm emergency proved to be a very staff intensive effort for the T/AC Program. In addition to the work done with the Office of the Presidential Commissioner to ascertain transparency and accountability during the reconstruction process, the GOG requested that Accion Ciudadana support GOG transparency efforts during the reconstruction process through the implementation of a concurrent social audit of the reconstruction program. The T/AC Program actively negotiated with and awarded a Grant to Accion Ciudadana on December 14th in the amount of US\$ 154,000, to carry out the social auditing effort in the Departments of Solola, San Marcos and Quetzaltenango.



Signing ceremony with Accion Ciudadana at the Marriott Hotel.

Through this grant, AC is expected to work with local organized groups and develop local community based commissions to closely monitor the reconstruction projects, promote access to information, monitor the GOG Complaints and Information System, monitor the procurement procedures, and promote the accountability of public officials.

The Program has also been developing a grant to TI/LAC aimed at measuring, through a “report card” methodology, performance in four key areas of the IACC, namely: public contracting; public integrity and conflict of interest; citizen participation and; the private sector and ethics codes. The grant is expected to be finalized during the early part of CY 2006.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

After the DOC announced the expansion of the US Department of Commerce Good Governance Program in Guatemala, El Salvador and Honduras, the Program has continued to implement a process of consultation with private sector groups to implement this program through them.

The US Department of Commerce has obligated some seed money for meetings with the American Chamber of Commerce of Guatemala (AMCHAM) to promote its program. The T/AC Program will be contacting this organization to work together in this area.

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

The T/AC Program in Guatemala was informed that the USAID Office of Public Relations will coordinate general training to the media to better inform this sector on topics such as education, HIV/AIDS, corruption, etc. As the Program hasn't had any additional information on this training, Program staff started to look into potential partner(s), such as the academic sector, in order to start working on the subject.

D. SUB IR 2.4: Accountability of elected and appointed officials approved

LLR 2.4.2: Improved government ethics and disclosure of assets of public officials and candidates for public office

As mentioned above, the Program is coordinating activities with Coalicion por la Transparencia, UNDP and the Office of the Comptroller General in order to better define areas of program intervention in the Probity Directorship of the OCG and avoid potential duplications of effort.

➤ **List of In-Country Training Event**

Activity	Objective	Participants	Date/Place	Comments
1) Indicators for the monitoring of the Inter-american Convention Against Corruption (IACC) Implementation	Train civil society members that integrate the IACC mechanism follow-up team.	AGIP FEGER GAM Chamber of Commerce Comité Beijing Mirna Mack Foundation SIMOP Observatorio Ciudadano Female: 8 Male: 10	November 24 th , 2005. Pan American Hotel.	Implemented through the Transparency Promotional Project executed by Acción Ciudadana through Miguel Angel Penallio.

ii. Other activities:

➤ Donor coordination

In discussions between USAID and T/AC Program staff, it has been agreed that there is now a strong need to call for a donor coordination meeting. Accordingly, the Program contacted several donor agencies working in the area of transparency in order to promote the idea of a joint meeting to be chaired by the USAID Deputy Director. All donors contacted agree on the need for a coordination gathering and the T/AC Program will finalize agreement on a date during the first month of the following quarter.

➤ Multi-country Opportunity Fund

A Transparency and Anti-Corruption Mainstreaming Workshop for USAID Missions is being implemented as a multi-country effort in the T/AC Program Countries. Thus far, USAID missions in El Salvador, Nicaragua and Guatemala (the last two Missions had it during the reporting period) have received this training and Panama has yet to schedule the event.

In the Guatemala workshop, Glenn Anders, USAID Director, opened the event stating the principal objective of assisting USAID Missions to introduce transparency, anti-corruption and accountability as a cross cutting theme for USAID development assistance planning. The workshop was conducted by the LAC Bureau-funded Americas Accountability and Anti-Corruption Regional Project (AAA). Joseph Balcer, Olga Nazario and Yemile Mizrahi from the Casals & Associates AAA team presented the workshop on key topics which included: an overview of anti-corruption programming; assessing corruption vulnerabilities in USAID strategic sectors; tools for addressing corruption, and; managing mainstreaming. In addition, Carla Aguilar, Multi-Country CTO, made a presentation on the facts about corruption in Guatemala.

iii. Achievements and Obstacles

During the Reporting Period, the T/AC Program worked actively towards the achievement of the USAID results framework. Principal achievements include:

- Marked improvements in the role and incidence of civil society organizations to promote transparency and fight corruption as evidenced in the IACC Committee Experts Conclusions and Recommendations for Guatemala.
- Greater awareness of GOG commitments under the IACC among different actors and sectors.
- Positive incidence in GOG procurement, particularly through social audits by civil society. For example, the T/AC Program funded social audit of a large procurement of medicines which was based on the open procurement modality. The key

elements here were the fact that it was at the request of the GOG itself that AC conducted the social audit, and the weaknesses identified highlighted the importance of transparency to reduce costs, promote economies of scale and competitiveness.

- Direct policy dialogue by program staff with the National Congress which resulted in the ratification by the State of Guatemala of the United Nations Convention Against Corruption. The Program served as a catalyst to promote and obtain this ratification.
- Through new methodologies and studies, there is now more information about transparency and corruption issues that will soon facilitate the implementation of improved policies and strategies.

No significant new obstacles were identified during the reporting period. However, the Office of the Presidential Commissioner for Transparency remains a weak player and delays the implementation of important program components.

iv. Planned Activities by each Sub-IR and LLR for the next Quarter

SO: Ruling Justly: More Responsive, Transparent Governance

IR 2 – Greater Transparency and Accountability of Governments

A. Sub IR 2.1: More transparent systems for management of public resources by the national government

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented

- Follow up with the Presidential Commissioner for Transparency and Anti-Corruption on the development and implementation of a National Transparency and Anti-Corruption Plan. In addition, continue to support efforts associated with the organization of the November TI World Conference.
- Discuss with the Presidential Commissioner for Transparency and Anti-Corruption the IACC implementation plan as well as the implementation of the GOG Executive Decree on free access to information within the Executive Branch.
- Follow up with the Presidential Commissioner on the implementation of the Transparency Plan for the Stan reconstruction process that was developed with Program assistance during the reporting period.
- Organize a transparency and anti-corruption Donor Coordination meeting, with USAID concurrence.

- Develop a proposal to USAID for the operation of the Guatemala Rapid Response Fund.

LLR 2.1.2: Implementation of the commitments of the Inter-American Convention against Corruption (IACC)

- Follow up on the development of baseline data to monitor the progress of the map of indicators that were developed by AC to measure GOG compliance with IACC commitments, as well as access to information indicators.
- Contract Corporación Latinoamericana para el Desarrollo (CLD), the Ecuadorian organization that will develop the Judicial Sector IACC compliance Plan and Strategy.

LLR 2.1.3: Improved national government budget transparency, management and execution

- Follow up on the dissemination of the Budget Transparency Index for Guatemala dissemination.
- Identify public policy reform and training needs to strengthen the budget process in the country, as well as public awareness regarding the budget.

LLR 2.1.4: Systematic Government deficiencies identified and addressed in key line ministries

- Follow up on the completion of the analytical work and the development and implementation of a public policy reform agenda aimed at improving transparency and accountability in GOG discretionary expenditure and funds.
- Promote policy dialogue towards reforms and improvement of the GOG procurement system.
- Follow up on the elaboration of the National Integrity System study that will contribute to developing public policies and strategies to prevent and combat corruption.

LLR 2.1.5: Initiatives to reduce petty corruption (solicitation of bribes) developed and implemented

- Follow up the corruption perception and experience index (IPEC).
- Work with COPRE (the Office of the Presidential Commissioner for Modernization) to identify and select two or three key public service delivery institutions to carry out Bureaucratic Simplification Assessments and implement the results and recommendations obtained.

LLR 2.1.6: Key oversight agencies strengthened

- Look into potential Program activities resulting from the ratification of the UNCAC.
- Coordinate with UNDP and Coalicion Por la Transparencia to optimize assistance to the Probity Directorship of the Office of the Comptroller General
- Conduct follow-up activities with the Guatemalan participants who attended the regional Good Governance Forum that took place in Mexico last November in order to define a policy reform agenda on modernization of the state with an emphasis on transparency.
- Provide technical assistance to the Judiciary to develop a strategy for pursuing compliance with the IACC.
- Coordinate logistical arrangements with the T/AC Program office in Panama in preparation for the videoconference for Attorney Generals in the region.

B. Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizen needs

- Organize a workshop to deliver and validate with civil society groups documents developed under previous USAID local governance and transparency programs dealing with social auditing at the local level.

C. Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

LLR 2.3.1: Strong civil society participation and oversight

- Promote and discuss new proposals for the FY2006 civil society grant fund.
- Prepare a proposal to USAID for a civil society competitive grant fund in the area of social auditing at the national level.
- Follow up on Accion Ciudadana monitoring and social audit of the GOG Reconstruction Program.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

- Contact the American Chamber of Commerce –AMCHAM- to discuss the implementation of the US Department of Commerce Good Governance Program.
- Meet with CENTRARSE and other private sector groups to promote specific activities in the area of private sector social responsibility.

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

- Through a local counterpart, develop the annual award for investigative reporting.

D. SUB IR 2.4: Accountability of elected and appointed officials approved

LLR 2.4.1: Political Party and elected leaders accountability improved.

- Meet with representatives from the OAS Political Party Project to discuss their annual plans and assess potential T/AC Program interventions in this area.

LLR 2.4.2: Improved government ethics and disclosure of assets of public officials and candidates for public office

- Coordinate with donor agencies and civil society groups on the implementation of activities aimed at strengthening the Probity Directorship of the OCG.

II. Administrative Update

i. Grants

- Reviewed financial reports from grantees such as Accion Ciudadana and CIEN and made periodical visits to ensure sound financial management practices
- Disbursed advances to grantees according to the agreed-upon payment schedules

ii. Staffing

- Held regular staff meetings to discuss and follow up on different issues
- Revised personnel contracts
- Program Procedures Manual in progress

iii. Filing System

- The administrative assistants created a central filing system

PANAMA

Introduction

This quarterly report for October - December, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00 (Central America and Mexico Transparency, Anti-corruption and Accountability Program).

I. Technical Update

i. Key Activities by Sub-IR and LLR for the Quarter

Following is a description of key activities conducted in this period broken down by Sub Intermediate Results and Lower Level Results.

SUB IR 2.1: More Transparent Systems for Management of Public Resources by the National Government

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented.

Throughout this quarter, the Program supported the work of the National Anti-corruption Council (NAC) and its Executive Secretariat on different projects and initiatives. This included the preparation of discussion agendas, documents and logistical support for the following sessions:

October 25, 2005 Session

The Program collaborated with the Executive Secretariat by including in the agenda of this session, the following items: 1) Formal commitment of the NAC members to carry out activities established in their Strategic Plan; 2) Reach an agreement on the frequency of meetings and prepare the first declaration of the NAC on anti-corruption; and 3) Establishment of a Technical Group to support the implementation of the National Integrity Index.

November 18, 2005 Session

This meeting was devoted to the discussion of the National Integrity Index, an initiative promoted by the Program and the local chapter of Transparency International for measuring levels of corruption and efficiency in close to 40 institutions across all branches of government. The NAC approved the development of this instrument, yet the preparation of a formal agreement in which the government of Panama commits to supporting its implementation is still pending.

Promoting ethics among Children and Teenagers through Theater

Thanks to the Program's support (in utilities, outfits, transportation and food) and the initiative of the Executive Secretariat of the National Anti-corruption Council, a group of 18 youth (between the ages of 14 and 18) of the Abel Bravo public school in Colon, wrote and performed four shows of a theatrical play representing corruption and unethical values in different environments of society (at home, at school, at work, in the street, in government offices etc.). The play portrays acts of corruption that the common citizen in Panama is exposed to and concludes by inviting the audience to reflect upon these situations.

The simple language, as well as the daily and comical situations that characterized the play, aimed at capturing the attention of students, its main audience. The two original performances were presented on November 25, to an audience of 500 high school students in Colon City. In December, two more performances were carried out: the first to an audience of 100 high school students in Panama City, and the second to personnel of the National Transit Authority and other invitees. In all performances, the play was excellently received and the audience participated actively.

In the following months, the Program anticipates financing additional performances to amplify the audience exposed to the play. Presented below is a summary of the play's seven acts:



Stage Play on Corruption and Unethical Values

1) A taxi driver en route to Tocumen International Airport: A taxi driver is taking a female passenger to the Airport and takes advantage of her haste to demand a much higher fare in exchange for driving faster.

2) Police officers: Two police officers stop two minors and insinuate sexual favors in exchange for not arresting them.

3) A client in the Passports Department at Immigration: A citizen is soliciting a passport by following the rigorous procedures. A department clerk offers to accelerate the process in exchange for a bribe of B/. 300.00. At first, a colleague of the clerk is not in agreement with the extortion, but finally becomes involved in the illegal act.

4) A fugitive with contraband and two government employees: A customs supervisor agrees to accept a significant bribe in exchange for allowing smuggled goods detected by a new assistant to pass freely. When the honest employee denounces the act to their superiors, the supervisor turns to a network of corrupt employees that assure everything is in order. The honest employee is reprimanded and threatened with being fired.

5) A police officer on watch while a citizen is being robbed: A thief robs a citizen in front of a police officer, who ignores the cries for help. The citizen protests to the police officer about his lack of help and in exchange receives a beating.

6) A legislator involved in drug trafficking: A legislator uses a humble citizen to collect a drug shipment. When they are both accused and taken to a police station, the legislator uses his influence to be freed and leaves the citizen in jail to be found guilty of the crime.

7) A family: An alcoholic and unemployed father lives with his wife and three adolescent children. The hungry and disappointed children go out and buy 25 cents worth of green plantains and come across a drug dealer, who insists on them joining his business. They accept his offer. They inform their parents of their new job. The mother prohibits it; but the father motivates them to continue with the business in order to “easily” resolve the economic problems they face.

Seminars on Ethics and Values for the Public Sector

On October 13, the Executive Secretariat of the National Anti-corruption Council organized, in collaboration with the Program, the first seminar on “The role of ethics and values in public administration”, with 70 participants from 12 government institutions, such as the Ministry of Economy and Finance, the Social Security Fund, the Police Force and the Ministry of Social Development. In general, the activity was directed at medium and high level GOP officials that could replicate similar actions in their respective institutions.

Seminar Program

The importance of Ethics in Public Administration

Alma Montenegro de Fletcher, Executive Secretary of the National Transparency against Corruption Council.

Values and Principles: Foundations for Effectiveness of Public Administration
 José Gabriel Miralles, General Manager of the Franklin Covey Organization Services

Integrity and Ethics for the Performance of Civil Servants
 Eduardo Pazmiño, President of the Commission of Ethics, Civic Duty and Social Responsibility of APEDE.

There were four main objectives to this seminar:

- To create awareness in civil servants of the need to strengthen an ethics culture at work for improved performance.
- To present the audience with the programs of the Executive Secretariat of the National Anti-corruption Council.
- To obtain information from civil servants on the values and ethics conditions in their respective organizations.

Apart from the three conferences, the activity included a workshop on ethical topics that generated important inputs for future projections of the Secretariat.

Internal Auditing Seminar

Due to the presence in Panama of a Computer Audit specialist, a round table titled “A Modern Focus on Internal Auditing” was held on October 12 by our Program in the offices of the Executive Secretariat.

The conference addressed the evolution of risk management and assessment and the differences in the use of Information Technology in government institutions. There was also a software demonstration for the simplification of financial analysis by internal auditors.

38 internal auditors from 10 government institutions (The Social Security Administration, Savings Bank and the Ministry of Social Development, among others) attended the forum and participated actively in the question and answer session.

Seminar: Building an ethical culture in the Police Force

On December 15, the Program collaborated with the Executive Secretariat of the National Anti-corruption Council on the organization of the seminar “Building an ethical culture in the police force” which was held in the School of Police Officers at Howard. More than 30 officials of the National Police Force were present at the event that included the following presentations:

- 1) Alma Montenegro de Fletcher: Introduction and conclusions
- 2) José Miralles: Values and principles, foundations for effectiveness of civil servants.
- 3) Adrian Cuevas: Minimal regulations for ethical conduct in the police force.

4) Rafael Reyes: Accountability for the construction of a bridge between citizens and the police.

As in previous seminars, the presentations were followed by a workshop during which participants analyzed and discussed the topics covered.

First accountability essay contest

As part of their activities in December, the Executive Secretariat prepared the guidelines of an essay contest on accountability for college students. Among other objectives, the contest aims to: a) Promote the interest and research in anti-corruption; b) Offer a channel to strengthen the identity of youth in their ethical education; c) Gather opinions, concerns and different visions on this topic.

The Program contributed to this initiative by printing and disseminating a set number of copies of the guidelines of the contest.

“Gestión y Valores” (Management and Values) Journal

As follow up to the projects of the NAC’s Executive Secretariat, the Program collaborated in the development of a social communication and dissemination plan. This includes the publication of the quarterly journal “Gestión y Valores”. At least 500 copies will be published per volume.

The Program plans to finance next quarter the first volume to be entitled “Role and Perspective of the National Anti-corruption Council and its Executive Secretariat”. Its content will include the following topics: 1) Background and authority of the National Anti-corruption Council; 2) The operational and administrative functions of the Executive Secretariat of the National Anti-corruption Council; 3) Plans, programs, projects and role of each member of the Council and the Executive Secretariat.

The journal seeks to achieve the following results:

- To become a reference document for students, teachers and researchers.
- To establish a channel of communication between readers and the Editorial Council as a way to promote citizen participation in matters of transparency and accountability.
- To provide reliable sources of information, in written and electronic format, for consultation and analysis in the areas of transparency and accountability.

Specifically, the first volume of “Gestión y Valores” aims to widely disseminate information about the nature and functions of the National Anti-corruption Council.

Managing corruption complaints in the Executive Secretariat

During this quarter, the Program began to support the design of a system to register and manage corruption accusations brought to the Executive Secretariat. The goal of this activity is to streamline the process to channeling accusations by incorporating: 1) a diagram/chart of the status of each file, 2) the information on the defendant and the plaintiff, 3) the monetary amounts involved in each case and 4) a measurement of the reoccurrence of factors to identify preventative measures.

Exposing members of the National Anti-corruption Council and other GOP officials to international best practices in government innovation and transparency

- **CLAD:** In response to a request by the NAC's Executive Secretariat, the Program funded the participation of two members of its staff in the Tenth Congress of CLAD (Latin American Centre for Development Administration) on State and Public Administration Reform from October 18th to the 21st, 2005 in Chile. A third participant, Donaciana Acosta, from the Institutional Development Directorate of the Ministry of Economy and Finance, also attended this event under the Program's sponsorship. CLAD's annual congress showcased the latest tools and best practices on topics such as government innovation and Anti-corruption.

The Congress' agenda was structured under eight thematic areas that included more than 140 panels. The Program reviewed them all and submitted a recommended schedule of conferences and presentations for our beneficiaries. The proposed panels focused mainly on two thematic areas: 1) Promoting ethics and transparency in public management, and 2) Civil service and promotion of public management. The Program Director, who served as speaker at the event itself, accompanied GOP officials to most panels.

- **Mexico-Central America Forum on Good Governance:** In conjunction with USAID/Panama, the program identified and invited (see list below) three high-level GOP officials to attend a Regional Forum on Good Government in Mexico City on November 7-11, 2005. The purpose of the forum was to share best practices and lessons learned from the Government of Mexico's Good Government and Innovation Programs and to create an innovators' network of practitioners from Central American countries and Mexico's federal and state governments. The event was designed for government officials at the level of Assistant Minister or General Director in the following areas: 1) Innovation/Good Government, 2) Digital Government, 3) Civil Service, 4) Regulatory Improvement, 5) Quality Government Initiatives, and 6) Honest and Transparent Government.

GOP participants:

- 1) Luis Amado, Deputy Comptroller General

- 3) Diana Candanedo, Director of Science and Technology Management at the Secretariat of Science and Technology (SENACYT)
- 4) Arnulfo de León, Director of Civil Service

Others GOP officials, such as Gaspar Tarte, Secretary of Government Innovation, Alma Montenegro, NAC's Executive Secretary and David Saied, Head of Public Policies at the Ministry of Economy and Finance, who were originally invited to attend the Forum, cancelled their participation in light of other commitments, namely the visit to Panama of U.S. President George W. Bush.

Apart from participating in conferences and round tables, the Program organized special meetings for the Panamanian delegation with their Mexican Government counterparts (Ministry of the Public Function). During these activities, the following topics were covered:

November 9

Anti-corruption laws and regulations, a general perspective
 Moisés Herrera, Deputy Director of Legislation and Consultation, also a Mexican expert in the mechanisms for compliance monitoring with the OAS Anti-corruption Convention.

Asset Disclosure Systems and Liability in Mexico
 Fabiola Juárez, Director of Asset Disclosure Monitoring

Government acquisitions and the use of information technology
 Part 1: Judicial Framework: Acquisition Regulations, Public Works, Services and Assets
 Juan José Alvarado, Director of Real Estate Assets and Standards

Government acquisitions and the use of information technology
 Part 2: Compranet
 Edgar Cabalceta, Director of Processes for the e-Government and Information Technology Unit

November 10

Professionalizing the civil service in Mexico
 Luis Ernesto de la Fuente, Professional Services and Human Resources Unit



Panamanian delegation to the regional forum in Mexico

To exchange information on the practices presented in the Forum and analyze their adaptability to the local context, the Program invited those representing the Panamanian Government in this event (GOP officials from the Office of the Comptroller General, National Assembly, SENACYT and the Civil Service Directorate) to a follow-up meeting on December 2. At the meeting, Program staff and GOP officials made brief presentations on the panels into which the Forum was divided and identified public policy recommendations with potential replication in Panama (see meeting program below). The possibility of initiating some of these practices as pilot projects in the Ministry of Commerce and Industry was put forward.

Panel	Topic	Briefing and Recommendations
Digital Government	E-government strategy	Jacinto Wong – SENACYT
Honest and Transparent Government	Citizen Monitoring	Carlos Smith – National Assembly
Professional Government	Recruitment System	Arnulfo de León – Civil Service Directorate
Improved Regulation	Standards and Government Transactions Simplification	Eduardo Flores – USAID/Casals

Taking advantage of the visit to Mexico, the Program interviewed the local USAID Mission on its initiatives for improving the country's competitiveness and its links to an anti-corruption strategy.

Developing an index to measure integrity and efficiency in selected public institutions in Panama

From the beginning of the reporting period, the Program worked with *Fundación para el Desarrollo de la Libertad Ciudadana*, Transparency International's Local Chapter, in making adjustments to the calendar and budget of its National Integrity Index project.

Given that the Index's implementation requires a lot of political will and support from GOP agencies, the Program offered to fund it subject to obtaining formal assurances from the Executive branch that it would jointly develop it and eventually take over it.

Although this tool was approved by the NAC on November 17 and later (by the end of December) the Council submitted a note advising USAID of that resolution, to date our Program has not received an official letter that clearly identifies GOP's commitment to support its development. These circumstances seem to predict a bleak future for the launching of this tool.

LLR. 2.1.2. Implementation of the commitments of the Inter-American Convention against Corruption (IACC).

Tracking compliance with GOP commitments under international anti-corruption conventions

The Program reviewed and prepared grant materials and documents in connection with an unsolicited proposal submitted last quarter by the Latin American branch of Transparency International (TILAC). The project, entitled Report Card Mechanism, aims at assessing observance in Panama and Guatemala of the UN and OAS anti-corruption conventions on selected topics: 1) Procurement, 2) Public integrity, 3) Citizen's participation, and 4) Private sector involvement. Recently, a relevant issue came to our attention, namely the potential limitations of the scope of this project, that require further consideration. In the next Quarter, our Program and its twin office in Guatemala will make a final decision on this subject.

LLR. 2.1.3 Improved national government budget transparency, management and execution.

No activities were carried out under this LLR this Quarter.

LLR 2.1.4: Systemic government deficiencies identified and addressed in key line ministries.

See LLR 2.1.6,

LLR. 2.1.5 Initiatives to reduce petty corruption (bribe solicitation) developed and implemented.

See LLR 2.1.1 under “National Integrity Index”.

LLR 2.1.6. Key oversight agencies strengthened.

Developing technical capacities at the Office of the Comptroller General

To carry on with training at the Office of the Comptroller General, the Program held courses in Fraud Audit, Information Technology Audit, Risk Management and Control Practices and Government Procurement.

In contrast to the preceding quarter, this period the courses were also extended to examiners from the Pre-Control Directorate (*Dirección de Fiscalización*). The professional development of this Directorate’s staff has traditionally been neglected by the Office of the Comptroller General. An example of this is that none of the participants to the Government Procurement Audit course (see below) had received specialized training in the last five years. Therefore, they tend to perform mechanical, non-analytical pre-control tasks that do not detect wrongdoings and frequently become obstacles to the efficient management of public institutions. One of the objectives of this Program is to develop their capacities through courses on modern auditing techniques to add value to their functions. The objectives and results of each of the courses given are described below.

- **Computer auditing:** The Program motivated the interest and approved the registration of two members of the Office of the Comptroller General at the Tenth Annual Latin American Conference on Computer Audit, Control and Security. This event, the most important of its type in the region, was organized by the Information Systems Audit and Control Association (ISACA) and took place for the first time in Panama on October 16-19, 2005. By attending this event, government auditors became acquainted with the latest trends and practices in computer audit.

To widely disseminate the results and materials of this Conference, its participants agreed to design and offer a two-week course on Computer Audit for their colleagues at the Office of the Comptroller General. This seminar is expected to take place in February 2006.

- **Forensic auditing:** The Program organized a five-day training workshop on forensic auditing for the Office of the Comptroller General in November 2005. The course’s instructor also provided technical assistance on forensic auditing practices in the field for an additional one-week period.

The training provided fraud auditing tools aimed at improving the performance of the Office of the Comptroller General in the detection, investigation and prevention of fraud and corrupt conducts.

To fulfill this objective, the Program combined a theoretical and conceptual training framework with real-life experiences from the international level.

As originally planned, at end of the course, real projects were selected for audit by the Office of the Comptroller General. The direction and supervision of these tasks by the Program's specialist, including those performed in the interior of the country, allowed for preparation of audit reports supported by documented evidence.



Fraud auditing course

- IT, Risk Management and Control Practices:** The Program prepared and offered a one-week workshop on IT (Information Technology) Risk Management and Control Practices for the Office of the Comptroller General in October. This course was intended to improve the capacity of the Office of the Comptroller General to assess electronic data reliability based on practices and standards from the COBIT framework (Control Objectives for Information and related Technology). Furthermore, it provided a reference framework for information systems audit, control and security practitioners at the Office of the Comptroller General and other GOP agencies, as applicable.

The objective of the course was to improve the capacity of auditors in performing a risk assessment process through the use of information technology.

The course contained practical sessions in which participants applied a mathematical model of risk assessment in connection with the audit design stage. Course participants were also trained in the preparation of matrices to define audit procedures and reduce work time without losing effectiveness.

It is expected that the training and practical use of this type of tool will support auditors in: 1) improving the quality and timely performance of their tasks; 2) strengthening operational, security and management controls and 3) facilitating a comprehensive control of public resources.

Public Procurement Auditing Course

The course, directed at examiners of the Pre-Control Directorate (*Dirección de Fiscalización*), provided analytical tools to assess public contracts in their formulation, signing, implementation and closeout stages.

The insertion of contractual principles for the implementation of pre and concurrent audit controls was presented with practical exercises during which participants expressed concerns and questions in connection with the scrutiny of public contracts.

Course participants represented a multidisciplinary group from the Office of the Comptroller General, which facilitated the exchange of experiences and the debate on public contracts oversight. During the training sessions, participants also drafted a handbook on public contracting controls. This handbook complements the Oversight Handbook recently issued by the Office of the Comptroller General, which is seen as simply a check list and does not encourage a more analytical approach to government auditing.

In sum, participants learned to perform contract analysis in an integral manner to determine conformity or non-conformity with legal standards and the consequences or effects this may have in terms of liabilities.

Other support activities for the Office of the Comptroller General

- Public Revenue Control:** The lack of audit controls on public revenues leaves a door wide open to corruption. Any support activity in this area requires close coordination among the Pre Control Directorate (*Direcciones de Fiscalización*), Audit Directorate (*Dirección de Auditoría General*) and the Accounting Directorate (*Dirección de Sistemas Contables*). This quarter, the Program established contact with an international specialist, certified by the *Centro Interamericano de Estudios Tributarios* (Latin American Center of Tax Research), to explore his availability to render services on public revenues control for the Office of the Comptroller General.
- Teamwork and leadership skills development:** Promoting teamwork within high level government officials at the Office of the Comptroller General is a priority for the accomplishment of its plans and programs. To tackle this priority, several meetings were held with the Director of International Relations and a representative of the Franklin Covey Company in Panama. As a result of these meetings, Franklin Covey presented a proposal aimed at adopting a common vision and strengthening the leadership skills of those government officials responsible for the transformation process at the Office of the Comptroller General. In the following quarter, the Program may co-finance the implementation of this activity, which represents an important step towards launching the Strategic Plan of the Office of the Comptroller General.

Computer equipment donation

As requested by the Office of the Comptroller General, the Program began the process of donating 10 notebook computers to the Audit Directorate (*Dirección General de Auditoría*). The use of this equipment will facilitate significantly the execution of government audits in the field.

Introduction to fraud auditing for personnel of the Anti-corruption Prosecutors' Offices

By request of the Attorney General's Office, the Program organized, on November 23, a round table with an international expert in detection and investigation of fraud.

In order to define the focus and scope of this event, the target audience (personnel of the three Anti-corruption Prosecutors' Offices) was previously asked the following questions:

- 1) How could I use an expert in fraud auditing to help me in my daily tasks?
- 2) In what area do I need help (crimes in financial organizations, crimes against government agencies, etc.)?

With this information, a tailor-made presentation was prepared for personnel of the Anti-corruption Prosecutor's Offices.

Presentations at the Attorney General's Office

In celebration of the international day for combating corruption on December 9, the Attorney General's Office invited the Program's director and one of its consultants to serve as speakers at a series of conferences directed to its personnel. The topics covered were the following:

Eduardo Flores: "Elements that promote fraud and corruption"
 Rafael Reyes: "Accountability"

With the objective of promoting a dialogue with the audience, the presentations included practical examples of the topics covered. More than 40 high level officials of the Attorney General's Office attended, including the three anti-corruption prosecutors and members of the Judicial Technical Police.



Presentations at the Attorney General's Office

Latin American exchange of best practices in the investigation of corruption

The program continued coordinating with local partners throughout Central and South America to put together the international videoconference "Latin American Experiences in the Investigation of Corruption that Transcends Borders". The event, designed by the Program and jointly organized with Panama's Attorney General's Office and the World Bank, will be held on January 25, 2006 at the broadcasting facilities of *Ciudad del Saber*.

Its main objectives are:

- 1) To disseminate information on successful experiences in the prosecution of high level corruption.
- 2) To promote support among Attorney Generals' Offices in Central America in the investigation of corruption across national borders; and
- 3) To make a contribution to effectively detecting and sanctioning the misuse of public funds.

The videoconference will feature three top international experts in the subject field:

- 1) Sergio Munoz: current Supreme Court Justice in Chile and formerly responsible for investigating allegations of criminal charges against Augusto Pinochet for fiscal fraud, bribery, money laundering and other financial crimes. Munoz was appointed to investigate the source of Pinochet's money after a U.S. Senate committee reported that he maintained secret accounts at the Riggs Bank in Washington, DC for more than \$10 million.

2) Francisco Dall'Anese: Chief prosecutor of Costa Rica who played a key role in investigating the corruption scandals that saw two former presidents of Costa Rica in preventive detention, as well as a score of high-level government officials either in preventive detention, house arrest or on bail.

3) José Carlos Ugaz: Senior Institutional Integrity Officer at the World Bank's Department of Institutional Integrity. He served as special prosecutor to the Fujimori-Montesinos case and President of PROETICA, Peruvian chapter of Transparency International. As special prosecutor, he headed the efforts undertaken by the Peruvian authorities to trace and recover the assets looted by former Peruvian president, Alberto Fujimori, and his personal advisor, Vladimiro Montesinos.

The videoconference has created more interest than originally expected. Over 300 participants in nine viewing sites (El Salvador, Ecuador, Guatemala, Chile, Honduras, Nicaragua, Costa Rica, Panama, and the US) will be watching the event simultaneously. Furthermore, all five Central American Attorney Generals are expected to attend the event as moderators.

SUB IR 2.2: Increased Devolution of Responsibilities and Resources to the Local Level Resulting In Greater Responsiveness by Local Governments to Citizens Needs.

LLR. 2.2.1 Improved decentralization policy framework.

Several international donors are already engaged in decentralization programs in Panama. Thus, in accordance with the Mission's Activity Design Document, activities under this Sub-IR will be directed towards transparency and anti-corruption, rather than decentralization per se, as detailed in LLR 2.2.2.

LLR. 2.2.2 Improved local government budget transparency and accountability standards in selected municipalities.

Based on USAID/Panama's priorities, work under this LLR will be conducted as opportunities arise.

SUB IR 2.3: More Opportunities for Citizen Participation in and Oversight of National Government Decision-Making.

LLR 2.3.1: Strong civil society participation and oversight.

Citizen action against corruption

In support of various civic organizations, the Program proposed and supported the implementation (on December 13) of an event called "Citizen Action against Corruption". The objective was to present various actions planned by non-government organizations to contribute to the definition of values and the importance of combating

corruption. Present at the event were representatives of civil society and government institutions such as the Attorney General's Office and the Executive Secretariat of the National Anti-corruption Council.

The *Instituto de Criminología de la Universidad de Panamá* (ICRUP), which served as the main organizer, launched a comic strip brochure with common acts of corruption that prevail in Panama (in schools, the private sector, government, etc.).

CEASPA, another ONG, participated by presenting 15-minute programs and radio jingles with topics covering the fight against corruption.

Alianza Ciudadana Pro Justicia and *Comisión de Justicia y Paz* presented together the summons for the design of a logo that symbolizes the fight against corruption in Panama. It is to be used in anti-corruption activities and on products, not just of NGOs, but also from the government and private sector. The panel of judges will consist of representatives from each of the following organizations: *Alianza Ciudadana Pro Justicia*, *Comisión Pro Valores Cívicos y Morales* and *Comisión de Justicia y Paz*.

YMCA presented its summer activities with the differentiating touch of value education for children.

Several of the aforementioned projects and products (the ones from ICRUP and Alianza Ciudadana) received technical and financial support for their development from the Program.



Citizen Action against Corruption

Citizen participation in the pre-selection process of Supreme Court Justices

As a direct result of its participation in the Justice Reform Commission (*Comisión del Pacto de Estado por la Justicia*), *Alianza Ciudadana* (our grantee) was invited by the President to form part of the Special Evaluating Commission for the pre-selection of Supreme Court Justices. This was the first time a non-governmental organization had been invited to provide input on the candidates for the highest post in the Judiciary (two of them became available in December).

Alianza Ciudadana, together with other non-government organizations (the Law School of the University of Panama and the National Bar Association-*Colegio Nacional de Abogados*, among others) were responsible for analyzing the candidates' profiles, issuing comments and identifying those not meeting minimal requirements. Additionally, *Alianza Ciudadana*, inserted a link on its website for receiving additional opinions from the public at large about the candidates.

Supporting the Penal Code Drafting Commission

The Program supported the participation of *Alianza Ciudadana* in the Commission responsible for outlining the guidelines of a new Penal Code.

Through the Program's financial support (for a full time consultant) as well as technical support, the inclusion in the new Penal Code of a complete chapter with the title "Corruption Crimes" is being considered, instead of the originally proposed "Crimes against Public Administration". The importance of this insertion is hereby explained:

- It implies a broader scope, involving acts of corruption committed in government, as well as those from other sectors (i.e. the private sector);
- It clearly defines several types of corrupt behavior as crime in accordance with international anti-corruption conventions;
- It proposes specific standards that would expedite the prosecution of corruption, thus limiting impunity.

If required, the Program may provide additional resources and further coordinate with other international donors, specifically the UNDP, during the development process of the new Penal Code.

Incorporating transparency considerations into the judicial reform process through civil society involvement

In order to encourage the adoption of the recommendations made by the Justice Reform Commission (*Comisión del Pacto de Estado por la Justicia*), *Alianza Ciudadana*, agreed to collaborate with the Attorney General's Office on the following:

- **Reform of Law 59 on illicit enrichment:** The Attorney General will present a new project for reform of Law 59 on illicit enrichment, eliminating the proposal to

publicize asset disclosures. Through this comes the hope of obtaining the support of legislators for other required modifications, such as the elimination of the “*prueba sumaria*”. “*Prueba sumaria*” is the requirement that places the burden of proof on the plaintiff in a claim against a corrupt government official (*abuso de autoridad*). The Attorney General’s Office is forbidden from initiating an investigation without such evidence.

- **Reform of the current legal framework of the Judicial Council:** *Alianza Ciudadana Pro Justicia* will establish contact with the Supreme Court to request that they reconsider the proposals of the Justice Reform Commission referring to reforms of current regulations of the Judicial Council.

The creation of a monitoring committee of the proposals approved by the Justice Reform Commission: Given that the GOP does not intend to create a committee to oversee the implementation of the proposals of the Justice Reform Commission, *Alianza Ciudadana* will assume this role.

Transferring Lessons Learnt and Best Practices at International Events

The Program recommended and arranged for the visit (at no cost to USAID/Panama) of Magali Castillo, Executive Director of Alianza Ciudadana, to participate as a speaker at a seminar on “Experiences, Results and Lessons Learnt by Civil Society in the Fight against Corruption” (La Paz, Bolivia, December 13-14).

This seminar sought to expose NGOs, government agencies and anti-corruption projects in Latin America to successful transparency and accountability initiatives carried out throughout the region by civil society organizations. Participants received training materials and tools on how to set up anticorruption networks. The seminar was particularly useful for those USAID anti-corruption programs considering expanding or improving their civil society activities and focus.

Magali Castillo made a presentation at this event on Alianza’s experiences in conducting citizens’ audits on the performance of the judiciary and their involvement in the Judicial Reform Commission (Comisión de Estado por la Justicia). To the best of our knowledge, Alianza Ciudadana’s experience as a network of civil society organizations joining efforts towards making the judicial system more efficient and transparent is unique in the region. This represents a best practice worth being showcased in international forums.

Providing advice and financial support to the Panamanian Association of Judges

In response to a request for support redirected by USAID/Panama, the Program worked with the Panamanian Association of Judges on incorporating transparency and accountability sub-themes into the agenda of their Annual Congress (October 5-7, 2005).

The main objectives of this seminar were to: 1) review trends and exchange experiences on judicial process reform among national and international specialists, 2) draft a plan of action linked to judicial reform efforts based on equity, justice, openness, transparency, human rights, accountability and citizen participation.

The Program identified and funded the participation of three international speakers at this event who showcased best practices in connection with judicial reform processes and their impact on reducing corruption in the justice system. Their lectures contributed to the public debate on the administration of justice in Panama and its transition to an oral trials system. The Program sponsored the travel, lodging and per diem of the following specialists.

Judge Pablo Llarena (Spain)

Topics: *“El Sistema Acusatorio: Transparencia y Garantías Fundamentales”* and *“Avances del Sistema Acusatorio en América Latina y su impacto en la transparencia dentro del poder judicial”*.

Luppy Aguirre (Chile)

Topic: *“Cómo el proceso de transformación del Sistema Judicial ha influido en la lucha contra la corrupción”*

César Solanilla (Colombia)

Topic: *“Sistemas Procesales Contemporáneos, garantías, eficiencia, transparencia y rendición de cuentas”*

Since none of the speakers charged honoraria, the total estimated cost for this activity was marginal. “Additionally, the Program organized roundtable meetings (*conversatorios*) for all of them with the Criminal Code Subcommittee of the Judicial Reform Commission and with the Office of the Comptroller General in their areas of expertise (e.g. public procurement oversight).

The Congress, which had an audience of 524 participants (344 women and 180 men), summoned all interested parties in the judicial reform process: judges, public prosecutors, law clerks and law practitioners. Thanks to this event, the Association obtained financial resources to fund future international events, such as the General Assembly of the Latin American Federation of Judges and the Latin-American Gathering of the International Association of Judges, to be held in Panama in 2006.

Organization of an anti-corruption seminar in support of the Institute of Criminology of the Universidad de Panamá

In conjunction with the Institute of Criminology (*Instituto de Criminología de la Universidad de Panamá-ICRUP*), the Program held a seminar entitled “Corruption in Panama: a Sociological, Legal and Criminological Approach” on October 24-26. In response to a request for support, the Program decided to co-finance this event for a specialized group of law students, faculty and practitioners to inform about the

repercussions of corruption in Panama. The information gathered at this event, through lectures and workshops, will assist in the development of the products listed below.

- An activities report that compiles conclusions, recommendations and papers of the event.
- A document that contains civil society proposals to fight corruption in the legislative and executive branches.
- An outline for the design of continuous training activities.
- A draft brochure that provides ordinary citizens with basic information related to the problem of corruption.

The event's program featured presentations by government officials (i.e. Alma Montenegro de Fletcher and Ana Matilde Gómez), international specialists (i.e. Fernando Cruz from Costa Rica and Alberto Binder from Argentina), academics (i.e. Raul Leis), NGOs (i.e. Magali Castillo) and private sector representatives (Eduardo Pazmino).

In connection with this seminar, the Institute of Criminology signed cooperation agreements with other NGOs (e.g. CEASPA) and with the Attorney General's Office to provide mutual support in the investigation of corruption.



Round Table on Fraud Detection and Investigation

On November 24, the Program director and one of the external consultants were invited to participate at a round table discussion on Fraud Detection and Investigation at the Institute of Criminology of the University of Panama (ICRUP).

The round table was intended to:

- 1) Offer an introductory talk on the sources of fraud
- 2) Educate on the role of the Public Prosecutor's Office (*Ministerio Público*) in the investigation of fraud in Panama.
- 3) Create public awareness among participants on the need to fight corruption and fraud in Panama.

The round table's program (see below) featured the following presentations:

Aida Selles de Palacios (ICRUP's Director): Welcoming remark and conclusions
 Eduardo Flores: "Three considerations on the circumstances that lead to fraudulent behavior"
 Pablo Fudim: (International anti-fraud specialist): "Fighting Fraud and Graft."
 Delia de Castro: (Public Prosecutor): "The Public Prosecutor's Offices and the Investigation of Fraud in Panama"

LLR. 2.3.2 Clear leadership role and ethical standards for the private sector.

Advancing a project to regulate prerogatives, exemptions and privileges for GOP officials

In spite of having identified two local specialists (an economist and a lawyer) responsible for drafting a legal reform proposal aimed at limiting the misuse of privileges and prerogatives in Government (at the Legislative, Executive and Judicial branches), the launching of this activity has been deferred for different circumstances. First, one of the consultants became unavailable, and then the National Bar Association (*Colegio Nacional de Abogados*), the institution responsible for adopting and presenting the subject proposal to the National Assembly, could not find a suitable replacement.

To simplify the administration of this project, the Program offered to award a direct grant to the *Colegio Nacional de Abogados* (*National Bar Association*) as opposed to channel it through external consultants. As of the end of the reporting period, the Program was still waiting for the grant forms from the *Colegio*. Simultaneously, the Program proposed to the *Colegio* to execute this project with support from two prestigious academic institutions: the *Instituto de Estudios Económicos Nacionales* and the *Instituto de Criminología* (ICRUP) of the University of Panama. With the *Colegio's* consent, the Program held working meeting with both of them. Next quarter, they will submit technical and cost proposals for the drafting of legal reforms aimed at controlling the misuse of government prerogatives.

Panamanian Association of Fraud Examiners (Asociación Panameña de Examinadores de Fraude)

As of November 2005, the Program held several interviews and working meetings with the Panamanian Association of Fraud Examiners (*Asociación Panameña de Examinadores de Fraudes* - APEF).

APEF is an institution in the process of being created whose mission is to produce and disseminate information and studies on the main causes and effects of fraud in different economic sectors in Panama. Among other launching initiatives, the Association is planning to conduct in early 2006 the first national survey of business fraud in Panama. Additionally, it is organizing a Fraud Audit Seminar in April 2006 with national and international experts.

The Program will consider supporting the latter event by offering to fund the participation of one or two international speakers.

LLR. 2.3.3 Capacity of the media to report on transparency and corruption issues increased.

Strengthening local capacities on investigative journalism

In the preceding quarter, the Program received a proposal from the International Center for Journalists on the creation of an Information Center for Public Integrity. Its stated goal was to “facilitate the creation over a three-year period of an independent and endowed Information Center for Public Integrity”.

Given the required funding and questions about its sustainability, the Program is still waiting to make a decision on this project until it assesses it in conjunction with other proposals to be received under our small grant competitive process. The objective is to evaluate their merits all together and to prioritize them according to their creativity, institutional capability and expected results.

SUB IR 2.4: Accountability of Elected and Appointed Officials Improved.

LLR. 2.4.1 Political Party and elected leaders’ accountability improved.

In accordance with our Work Plan and USAID/Panama’s priorities, the program will schedule activities under this LLR as opportunities arise.

LLR. 2.4.2 Improved government ethics and disclosure of assets of public officials and candidates for public office.

➤ **List of In-Country Training Events**

Training Program	Field of Study	Relationship to the objectives of the Contract	Date	Estimated Cost	Female Participants	Male Participants
Information Technology Risk Management and Control Practices	Gov't Auditing	LLR 2.1.6	Oct. 7-15	\$6,481.53	16	11
Fraud Auditing	Gov't Auditing	LLR 2.1.6	Nov. 10-26	\$11,243.72	14	10
Public Procurement Auditing	Gov't Auditing	LLR 2.1.6	Nov. 27 - Dec. 8	\$7,673.54	13	15

ii. Other activities:

Other project activities throughout this quarter included the following:

Acercamiento y proyectos con Dirección de Carrera Administrativa

In conjunction with USAID staff, the Program held a visit to the Civil Service Directorate in December to explore areas of potential collaboration. A launching activity may involve providing technical support to complete the implementation manual of civil service modules.

Ministry of Economy and Finance

USAID and the Program were invited to an introductory meeting at the Management and Financial Directorate of the Ministry of Economy and Finance in November. A follow up meeting was scheduled for next quarter to define joint collaboration projects. These may include supporting the Ministry's efforts to streamlining processes and limiting the opportunities for corruption to expedite the opening of new businesses.

Gender Action and Monitoring and Evaluation Plan

Based on the comments received by USAID, the Program revised the Gender Action Plan that was submitted to USAID on September 16 and the M&E Plan that was submitted on September 2. Specifically, the Program worked with an external consultant in further refining the tasks and activities and developed gender-specific indicators. The results were incorporated in the final version of the M&E Plan and the Gender Action Plan.

Other conferences and presentations

On October 24, the Law and Political Sciences School of the University of Panama invited one of the Program's technical advisors to speak on "An Institutional Approach to Fighting Public Sector Corruption in Panama". The conference was directed to senior students.

Anti-corruption newsletter

To explore the possibility of publishing an anti-corruption quarterly that would be inserted as a supplement into one of Panama's largest newspapers, the Program established contact with the *Colegio de Relacionistas Públicos de Panamá*. The publication would include news, articles, open editorials and survey information on transparency and accountability topics. This project intends to be self-sustainable, thus our potential support would be limited to seed funding.

iii. Achievements and Obstacles

Some of the Program's achievements in this quarter include the following:

- Supporting the design of a stage play on ethical dilemmas in all sectors of civil society written and performed by middle-school students. The students offered four performances for a general audience of more than 400 people, mostly teenagers, in Colon and Panama City.
- Sponsoring *Alianza Ciudadana's* work in connection with its participation in the Pre-Selection Committee of Supreme Court Justices. This was the first time that a non-governmental organization was invited by a President to provide input on the candidates for the highest posts in the Judiciary.
- Providing technical advice to the Presidential Commission responsible for drafting a new penal code. Thanks to the Program's support, the insertion of a complete chapter on "Corruption Crimes", compliant with international anti-corruption conventions, is being considered in this document.

- Offering three training courses to the Office of the Comptroller General in Fraud Audit, Risk Management and Control Practices and Government Procurement Audit.
- Co-organizing three seminars and workshops on ethics for the public sector with the NAC's Executive Secretariat. They were directed to mid and high level government officials in a position to replicate similar actions in their respective agencies.
- Putting together the efforts of six civil society organizations into a joint event that displayed each of their individual efforts to promote government accountability and anti-corruption.
- Speaking at several anti-corruption seminars and conferences.
- Exposing GOP officials to international best practices in government innovation and transparency through their participation at the Tenth Congress of CLAD (Chile, October 2006) and at a Regional Forum on Good Government in Mexico City (November, 2005).
- Identifying and funding the participation of three international speakers at the Annual Congress of the Panamanian Association of Judges, who spoke on the judicial reform process and its impact in reducing corruption.
- Designing an anti-corruption seminar and a round table on fraud detection and investigation along with the Institute of Criminology of the Universidad de Panama.

Obstacles

To date, the President's Chief of Staff (*Ministro de la Presidencia*) has yet to disseminate the strategic plan of the National Anti-corruption Council, approved by its members in August 2005. Its publication as an Executive Decree would give formality and a compulsory nature to the actions therein contained. This has weakened the position of the Executive Secretariat and the viability of the Council as an overall coordinator (a sort of clearinghouse) of anti-corruption strategies and policies. The Program will continue working with the Executive Secretariat in promoting the endorsement of the strategic plan, while expanding cooperation links to other GOP agencies and civil society organizations.

The launching of the National Integrity Index has also been delayed given the apparent lack of interest by the President's Chief of Staff and, to a lesser degree, the NAC's Executive Secretariat. If the Program is to fund the National Integrity Index, the GOP would need to understand that:

- 1) It has to claim ownership of this project. It is not a project that belongs to the local chapter of Transparency International, it would be a joint effort (that's the only way it

would have any chances for success) that would assist the GOP in further pinpointing its strategies and public policies against corruption.

2) It needs to co-sponsor its implementation financially and technically. For instance, in the preparation of this Index, the Office of the Comptroller General would have to provide information from several GOP agencies. Since this effort requires a lot of political will, the President's Chief of Staff, and preferably the President himself, would have to address a letter to those GOP agencies included in the study asking them to support the initiative. The financial support would be a positive sign of political will and may ensure the sustainability of the Index over time.

iv. Planned Activities by each Sub-IR and LLR for the next Quarter

Following is a projection of some of the tasks that the program anticipates conducting during the upcoming quarter:

A. Sub IR 2.1: More transparent systems for management of public resources by the national government

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented

Anti-corruption Strategy

The Program will continue working with the Executive Secretariat in promoting the implementation of the anti-corruption actions put forward in the NAC's strategic plan

Initial Activities

While the NAC's Executive Secretariat presents its annual work plan, the Program anticipates funding the first issue of its quarterly journal "*Gestión y Valores*" and the organization of a seminar on "Ethics in the Public Sector" scheduled for February 2006.

LLR 2.1.2: Implementation of the commitments of the Inter-American Convention against Corruption (IACC)

Monitoring compliance with IACC and UN Anti-corruption Conventions

The program will explore the opportunity with the Latin American bureau of Transparency International to jointly implement a report card mechanism to assess Panama's compliance with international anti-corruption conventions.

LLR 2.1.3: Improved national government budget transparency, management and execution

The Program does not plan to conduct activities under this LLR next quarter.

LLR 2.1.4: Systemic Government deficiencies identified and addressed in key line ministries

National Integrity Index

In light of unfavorable circumstances that may severely hinder its execution (see obstacles section above), the Program will reexamine the feasibility of implementing a National Integrity Index under the umbrella of the National Anti-corruption Council.

LLR 2.1.5: Initiatives to reduce petty corruption (solicitation of bribes) developed and implemented

(See National Integrity Index on LLR 2.1.4 above).

LLR 2.1.6: Key oversight agencies strengthened

Strengthening the government auditing function

The Program will offer a second course on public procurement auditing for the Pre-Control Directorate of the Office of the Comptroller General. Selected participants from this course and the first one, offered in December 2005, will be invited to a training for trainers' session in February.

In response to a request by the Deputy Comptroller General, the Program will review a bill (*anteproyecto de ley*) drafted by the Office of the Comptroller General on a new government procurement law. This represents an excellent opportunity to address legal flaws and areas vulnerable to corruption.

We will also review the strategic plan of the Office of the Comptroller General and select those activities likely to be inserted into a Memorandum of Understanding to be signed with the USAID mission.

The Program expects to award a donation of 10 notebook computers to be used in government audits in the field.

Latin American Dialogue on Anti-corruption Investigations among Public Prosecutors

On January 25, 2006, the Program will coordinate an international videoconference on "Latin American Experiences in the Investigation of Corruption that Transcends Borders". The event, envisioned and designed by the Program, will be jointly organized with Panama's Attorney General's Office and the World Bank

Supporting the reorganization of the Anti-corruption Public Prosecutors' Offices

At the request of the Attorney General's Office, the Program will initiate a project to review the structure of its three Anticorruption Public Prosecutors' Offices (*Fiscalías Anticorrupción*) and will present recommendations to streamline their performance. The general objectives of this initiative are:

- 1) To develop a new management model for the Anticorruption Public Prosecutors' Offices based on a proposal to improve its regulatory, operational and organizational standards. The new structure would also comply with best practices models and requirements under international anti-corruption conventions.
- 2) To suggest a detailed proposal for the creation of an Anti-corruption Task Force (multidisciplinary and inter-agency groups in charge of coordinating and performing investigation on corruption cases).

This task will be performed through interviews, work meetings and/or workshops with Anti-corruption district-attorneys, their direct staff members and government officials that contribute to the performance of their tasks (ie personnel of the Police Force, the Judiciary, the Office of the Comptroller General, the Financial Investigation Unit, the local Securities and Exchange Commission, etc.)

As a result of the aforementioned, the following products will be presented:

- 1) An integral management proposal for improvement of the effectiveness of the Anti-corruption Units.
- 2) A proposal that contains an action plan for the establishment of an Anti-corruption Task Force. The structure and functions proposed will consider the eventual transition of the judicial procedures in Panama to an accusatory system. The proposal will include the profile, selection process, recruitment and training plan for personnel that will form the Anti-corruption Task Force, and a timetable for project implementation.

Supreme Court of Justice

In conjunction with USAID/Panama's Country Representative, the Program will offer a presentation on our scope of work before the Chief Supreme Court Justice. The objective is to identify potential areas where our strategic interests may overlap with those of the Supreme Court.

B. Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs

LLR. 2.2.1 Improved decentralization policy framework.

Several international donors are already engaged in decentralization programs in Panama. Thus, in accordance with the Mission's Activity Design Document, activities

under this Sub-IR will be directed towards transparency and anti-corruption, rather than decentralization per se, as detailed in LLR 2.2.2.

LLR. 2.2.2 Improved local government budget transparency and accountability standards in selected municipalities.

In accordance with our Work Plan and USAID/Panama's priorities, the program will schedule activities under this LLR as opportunities arise.

C. Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

LLR 2.3.1: Strong civil society participation and oversight

Supporting Civil Society involvement in the judicial reform process

The Program will continue supporting *Alianza Ciudadana* in connection with the implementation of its grant (scheduled to be completed by February 2006). Additionally, the Program seeks to begin the development of other joint initiatives, such as the design of an anti-corruption website and a project to monitor compliance with the recommendations issued by the Justice Reform Commission.

Publicizing a request for proposals for the design and execution of anti-corruption projects

Upon USAID's approval, the Program will widely disseminate a request for proposals to fund citizen-driven anti-corruption projects.

Anti-corruption Newsletter

The Program will hold follow-up meetings with local counterparts to design an anti-corruption newsletter that would be inserted as a supplement into one of Panama's largest newspapers.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

Launching a study to control prerogatives, exemptions and privileges for GOP officials

Along with the National Bar Association and others (potentially IDEN and ICRUP), the Program will pursue progress in the preparation of a legal reforms proposal to control, and, when applicable, eliminate the use of prerogatives, exemptions and privileges granted to high-level GOP officials.

Supporting the creation of the Panamanian Association of Fraud Examiners

The Program may co-organize a Fraud Audit Seminar in March 2006 as a mean to support the creation of a local Association of Fraud Examiners. Specifically, the Program would sponsor the participation of one or two international specialists at this event.

Establishing links with the Chamber of Commerce

The Program will meet with the President of the Chamber of Commerce to offer our technical support in a project to design and operate a hotline for the filing of corruption accusations.

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

Strengthening local capacities in investigative journalism

The Program will evaluate a proposal, presented by the International Center for Journalists, for the creation of an Information Center for Public Integrity.

D. Sub IR 2.4: Accountability of Elected and Appointed Officials Improved.

LLR. 2.4.1 Political Party and elected leaders accountability improved.

In accordance with our Work Plan and USAID/Panama's priorities, the program will schedule activities under this LLR as opportunities arise.

LLR. 2.4.2 Improved government ethics and disclosure of assets of public officials and candidates for public office.

In accordance with our Work Plan and USAID/Panama's priorities, the program will schedule activities under this LLR as opportunities arise.

II. Administrative Update

i. DEC

No documents were submitted to the Development Experience Clearinghouse this quarter.

NICARAGUA

Introduction

This quarterly report covering the period October 1 through December 31, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00, USAID/Central America and Mexico Anti-Corruption, Transparency and Accountability Program.

I. Technical Update

i. Key Activities by Sub-IR and LLR for the Quarter

The following is a description of key activities conducted in this period broken down by Sub Intermediate Results and Lower Level Results.

SUB IR 2.1: More Transparent Systems for Management of Public Resources by the National Government

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented

During this quarter the Transparency Program progressed in negotiations with the *Dirección de Comunicación Estratégica y Gobernabilidad, Presidencia de la República* (GON), for assistance under discussion to promote the GON's *Estrategia Voluntaria de Acceso a la Información* (EVA). This pilot program is nearing the stage in implementation when Program assistance may be needed to conduct "usability tests" (*consultas ciudadanas*) on Web sites of the GON entities that have made a commitment as part of the voluntary program. As discussed, these tests will determine if average citizens can access information via an Internet center and, if so, if the information received is in a form that is comprehensible and useful. Consultants from the *Presidencia* worked with Program personnel and an agreement is still under negotiation for the next quarter.

Three high level Government of Nicaragua (GON) officials, identified in coordination with the Mission, were funded for participation in the Regional Forum on Good Governance in Mexico City during November. Dr. Alberto Novoa, *Procurador General de la República*, Dr. Iván Lara, *Procurador Penal*, and Dr. Enrique Alvarado, *Secretario General* of the *Ministerio de Salud*, returned from the seminar eager to apply the best practices and lessons learned during the event. Since the country participants often attended different work sessions, there is a rich source of new ideas to be harvested. A follow up round table discussion is being planned for next quarter to promote an exchange among all of the twelve participants from Nicaragua.

Virtually all of the activities reported under other LLRs also directly or indirectly support the implementation of the national anti-corruption/transparency strategy.

LLR 2.1.2: Implementation of Inter-American Convention against Corruption Commitments

An evaluation of Nicaragua's compliance with recommendations of the OAS Committee of Experts, being conducted by the Dean of the *Facultad de Derecho – Universidad Centroamericana*, will be important for determining areas for possible Program support. In the meantime the Program maintains its commitment to the *Oficina de Ética Pública* (OEP) for support to distribute the results of the evaluation through publicity events.

The formation of a civil society group focused on monitoring the progress of GON commitments under the IACC became a reality during this reporting period. With the assistance of consultant Olga Nazario, efforts continued in raising this issue in Nicaragua and replicating the level of monitoring that civil society has conducted in other countries. On November 1 the first group meeting was held. The CSO members include the Dean of the Law Faculty at the *Universidad Centroamericana* (UCA) who is conducting the OAS evaluation mentioned above. The group expressed the need for training on the IACC and the mechanism used by the OAS to track implementation of the country-specific recommendations. A training event scheduled for later in November was postponed and will take place in January.

During the presence of Dr. Alí Lozada in December for short term technical assistance in another area (see below), a second event was supported for the IACC group. Dr. Lozada served as a designated Expert for Ecuador under the follow up mechanism of the IACC and shared his country's experience in the process with the Nicaraguan members.



Dr. Alí Lozada during IACC follow up meeting on December 15, 2005

In coordination with Checchi, the Mission's Rule of Law contractor, the Program arrived at an agreement for technical support to the reform project of the Nicaraguan *Código Penal*. Dr. Alí Lozada (see above) and Dr. José María Tijerino, expert in jurisprudence in many countries of Latin America, commenced their work on the definition and refinement of corruption crimes under the *Código Penal* (*Estudio y Análisis de Delitos*

de Corrupción en el Proyecto de Código Penal de la República de Nicaragua). The product of their work will become input for the ROL program's work toward passage of the reform legislation. This will also support implementation of the IACC and the United Nations Convention against Corruption (UNCAC). Both agreements served as the basis for the consultants' recommendations. At completion of the initial stage of this work, the Program held a de-briefing for the Mission and the Embassy during which preliminary findings were discussed. Observations made by the participants will be addressed in the continuation of the consultancy during the coming quarter.

LLR 2.1.3: Improved national government budget transparency, management and execution

The Program participated in the event announcing the release of the 2005 Latin American Index of Budget Transparency (ITP) coordinated locally by the *Centro de Información y Servicios de Asesoría en Salud (CISAS)*. In light of the disappointing results for Nicaragua, the Program will support dissemination of the report via the proactive sectoral budget activity (see below). This approach will utilize the budget index as the basis for building citizen participation toward a more positive situation for future budget cycles and when the study is repeated in 2007.

The *Instituto de Estudios Estratégicos y Políticas Públicas (IEEPP)* has agreed to broaden the focus of the planned Budget Workshop to discussion of government expenses in a variety of sectors including those of health, education, environment, defense and gender. The Program has discussed this activity with potential partner CISAS and with other groups under consideration. It is expected that IEEPP will present a revised plan and budget during next quarter.

LLR 2.1.4: Systemic government deficiencies identified and addressed in key line ministries.

There were no activities for Nicaragua under this LLR for the quarter.

LLR 2.1.5: Initiatives to reduce petty corruption (bribe solicitation) developed and implemented

The Program met with representatives from the *Secretaría de Coordinación y Estrategia, de la Presidencia de la República (GON)*, responsible for implementation of a program of systematic placement of instructional signs in areas within the GON providing attention to the public. The purpose of this system is to inform citizens of their rights to such services and how to access them, thus reducing opportunities for petty corruption. During the month of December the Program worked with consultants from the Secretaría to formulate the assistance package. The Secretaría proposed that the *Ministerio de Hacienda y Crédito Público (MHCP)* and the *Ministerio de Salud (MINS)* be the recipients of initial efforts supported by the Program since these entities are participants in the *Estrategia Voluntaria de Acceso a la Información (EVA)* and both represent areas of interest for the Program. The list of possible products to be produced

now includes posters, stickers, hand-out brochures, and public service announcements (PSAs) displayed both within the area of service as well as through the media. In the case of MINSA, the assistance would be provided throughout the country.

Negotiations will continue in January and are expected to result in a memorandum of understanding between the Program and the recipient entities.

LLR 2.1.6: Key oversight agencies strengthened

The Program participated in the presentation of the anticipated ROL diagnostic which could serve as the basis for possible technical assistance to the *Procuraduría General* in coordination with contractor Checchi.

Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs

LLR 2.2.1: Improved decentralization policy framework.

There were no activities for Nicaragua under this LLR for the quarter

LLR 2.2.2: Improved local government budget transparency, management and execution

During the first week of the quarter a grant was signed with CSO *Grupo FUNDEMOS* for participatory budget work in three municipalities. Program activities had been initiated during the previous quarter in the municipality of San Marcos as a pilot study and this very short term but intensive effort has provided high quality results and some lessons learned for expansion into the two additional cities once an agreement has been reached on their selection.

The process involves small-group consultations with local citizens, some at the rural or urban level, others by sector. These encounters provide opportunities for explaining the budget process and the rights and benefits of citizen participation. In addition, the citizens provide input to the decision-making process, indicating how they want the money spent and the priorities for doing so.

The participatory budget process in San Marcos resulted in the incorporation of fourteen citizen-initiated infrastructure projects for a total of C\$ 13,162,951.14 (about US\$ 767,600.00) in benefit of thirteen different communities. In two instances, the citizens of the communities committed to providing counterpart funds or labor to carry out the projects with reduced cost, thus improving their chances for having their projects funded and completed.

Other results of the participatory process were: education and awareness of the population on the budget process and the benefits of citizen participation; amplified involvement of the *Comité de Desarrollo Municipal* (CDM), in representation of the

citizens, in budget decisions; and heightened levels of citizen participation and in the role of community leaders. .

Activities in San Marcos during the quarter included 36 community level consultations with 22 in rural areas, 10 in the urban sector and another 4 with the areas of social services, such as health and education. The initial process culminated in a town hall meeting in which the 2006 budget was overwhelmingly approved.



Participatory Budget Process in San Marcos

The Program's technical support team and financial manager provided follow up and guidance to the two CSO recipients of grants (*Ética y Transparencia* and *Grupo FUNDEMOS*), establishing agreements for management of funds, tax exonerations, and documents; financial and technical reporting formats; and requirements for disaggregated data, publicity materials and branding.

CSO *Ética y Transparencia* made preparations for implementation of activities under its grant but await the selection of municipalities process for determination of the five cities in which it will work.

The municipal diagnostic produced by local consultant Dr. Alejandro Bravo was received and made part of a more extensive product provided to the Mission for review. Agreed upon criteria were used to develop a list of twenty municipalities recommended for technical assistance either under the two current grants or via direct funding of the Program. Due consideration was given to where other donor programs were operating, sites of US Government investment in other program areas, such as the Millennium Challenge Account project; high levels of civil society organization; gender issues and, of course, some level of political will. The selection list will be considered by the Mission and the Program will respond early next quarter to a request for clarifications and additions.

As part of the Program's coordination with other donor groups with related programs at the local level, a commitment was made to become a partner in the *II Foro Nacional sobre Participación Ciudadana*, a national level forum for sharing of experiences at the

municipal level, now scheduled for January. Other sponsors of this Forum include UNDP, GTZ, Danida, Finlandia and the *Red Local*.

Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

LLR 2.3.1: Strong civil society participation and oversight

As developments occurred in the Access to Information environment, such as the postponement until the next calendar year consideration of the legislation by the National Assembly, the Program continued to work with the *Fundación Violeta B. de Chamorro* to redefine and strengthen the organization's technical proposal for a grant to support Access to Information activities ("*Estrategia para la Promoción de la Implementación del Sistema de Acceso a la Información*"). The *Fundación*, as foreseen, will lead efforts to create a demand within civil society for the legislation, develop an observation mechanism within the National Assembly in coordination with CSO *Hagamos Democracia* and/or other CSOs, and take actions to keep the issue within the public eye via the media. With or without passage of the legislation, these efforts will be important to move this issue forward in Nicaragua.

In addition to the above, the *Fundación* would also promote and monitor the GON's implementation of the *Estrategia Voluntaria de Acceso a la Información (EVA)* which is in the first stage of actualization. Finally, this grant will facilitate coordination of efforts by the numerous local CSOs and donors working in this effort. The grant is expected to be awarded during the early part of next quarter.

A second component of this activity, public awareness campaigns and intermittent studies to measure the effectiveness of the campaign, to be managed by the *Centro para Programas de Comunicación (CPC)*, will be launched after the first of year since debate on the legislation has been postponed. Redistribution of a previously developed USAID-funded campaign continues under discussion with the CPC and, at the Mission's recommendation, Casals has consulted with IRI and will discuss the prospects with NDI in regard to designing a conjoint message.

Support was provided to CSO *Hagamos Democracia* to promote participation of rural citizens in events organized by the coalition *Red por Nicaragua in Juigalpa, Chontales*. In addition, stickers designed and printed for *Hagamos* with the message *No a la Corrupción*, were distributed during these events and were very evident in the newspaper and television coverage of these acts.



Sticker design and printed for Hagamos Democracia

The *Grupo de Reflexión y Participación Ciudadana*, an alliance that promotes a national civil society dialogue, with the technical assistance of Olga Nazario developed plans for a two day seminar/workshop (*Hacia la Construcción de Ciudadanía en Nicaragua*) which was supported by the Program during the month of December. The Program provided the technical assistance of consultants Gabriel Murillo and Sandra Martinez from the *Universidad Los Andes*, Bogota, Colombia, experts in training of civil society leaders and specialists in the methodology of Deliberative Democracy. The Group took the initiative to request assistance to define the organization's role within civil society and how to transform its agreed upon concepts into actions, i.e., how to move ideas into a long term *Proyecto Ciudadano*. Dr. Olga Nazario of Casals also provided reflections on how the Group had already moved beyond the original intention of demanding a civil society dialogue. The Group will reflect upon the results of the workshop and the evaluation of the consultants in order to consider future needs for assistance.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

The Program followed up on a communication to the Mission from the *Cámara de Construcción* which had become aware of the work being done in Guatemala to monitor and make more transparent the awarding of contracts. The Program held initial discussions with representatives of the *Cámara* regarding the situation surrounding the process in Nicaragua. The discussions included the possibility of the *Cámara* submitting a request for Program assistance for social audit of areas of concern such as the technical sections included in the terms of reference of GON infrastructure projects. When it became evident that the *Cámara* was neither aware nor coordinating with the GON's pilot procurement tracking system (*COMPRASNIC*), funded through donors and the IADB (US\$ 1,700,000) and due for initial level implementation during the first half of 2006, it was recommended to the *Cámara* representatives that they become familiar with that project and then follow up with the Program.

Follow up discussions were also held with the Association of Internal Auditors of Nicaragua (AAIN) to explore possibilities for continuing round table discussions with university level students, particularly from the *Universidad de Administración, Comercio y Aduana* (UNACAD).

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

With the assistance of the *Centro Latinoamericano de Periodismo* (CELAP), a non-profit foundation established with USAID assistance in 1996, short term training in Panama was programmed for five representatives of the Nicaraguan media --- two from print media, two from television and one from radio. In addition, four local journalists representing print, TV and radio, offered their experiences to their Nicaraguan counterparts. The program ("*Rendición de Cuentas, Transparencia Informativa para Combatir la Corrupción Pública y Privada*") included presentations by Dr Miguel Antonio Bernal, Director of the local radio program *Alternativa*, and Lic. Elmer Enrique Acuna, professor at the *Universidad Santa Maria La Antigua*, Panama, and expert in financial fraud. The journalists from Panama based much of their conversation on the Access to Information and Money Laundering legislation in their country and how to access banking information. The encounter helped foment a closer relationship between journalists of the two countries and will form the basis for future training events with participation of other countries in the region.

The Program continued negotiations with *Probidad* and CELAP for training opportunities for next quarter. These organizations will present a proposal in January. Discussions also continued with the Trust of the Americas for longer term programs promoting ethics, access to information and development of a university-based program for professionalization of the media.

Sub IR 2.4: Accountability of elected and appointed officials improved

LLR 2.4.1: Political parties and elected leaders' accountability improved

The Program negotiated an agreement with the organization IFES for contracting of short term activities under this LLR. IFES will conduct a very brief evaluation of the available tools for civil society monitoring political party finances and produce an implementation plan for consideration of the Program. This plan is expected to include training to public oversight groups for the collection and monitoring of campaign expenses and public awareness campaigns to focus on transparency and accountability, particularly during the coming months prior to the November 2006 national elections.

A regional activity on political party finances has been included in the Program's agenda for Multi-Country events and will build upon previous studies undertaken by the AAA Project and other recent election experiences.

LLR 2.4.2: Improved government ethics and disclosure of assets of public officials and candidates for public office

No activities have occurred under this LLR during the quarter.

Special Provision: The Program Director had a brief meeting with the newly assigned RLA during the Mainstreaming workshop in November. A meeting was also held with the MCA representative to discuss municipal work in the MCA areas of the country. It was agreed that upon initiation of Program municipal activities in the geographic region where the Millennium Challenge projects will be implemented, very close coordination will be maintained and mutually beneficial.

➤ **List of In-Country Training Events**

Training Program	Field of Study	Relationship to Objectives	Date/s	Female Participants	Male Participants	Estimated Cost
Implementation of Inter-American Convention against Corruption	Role of Civil Society in Monitoring and Evaluating Implementation	LLR 2.1.2	Dec 15	04	08	\$400
Municipal Budget Transparency – Grupo Fundemos Grant	Citizen Participation in Municipal Budget Processes	LLR 2.2.2, LLR 2.3.1	Nov 3	23	37	\$1,200
Municipal Budget Transparency – Grupo Fundemos Grant	Citizen Participation in Municipal Budget Processes	LLR 2.2.2, LLR 2.3.1	Oct - Dec	995	871	\$5,000
Deliberative Democracy Methodology: Building Citizenship	Civil Society Organization Strategic Vision and Plan	LLR 2.3.1	Dec 13-14	06	12	\$5,500

Consultancies

Patricio Maldonado and David Cohen (October 23 - 25); Olga Nazario (October 1– 5; Patricia Delaney (November 1– 3); Frank Miller, Gerardo Berthin and Karla Salas (November 14– 18); Gabriel Murillo and Sandra Martinez (November 11 – 15); Olga Nazario (December 12 – 17); Ali Lozada (December 14 – 21). Local consultants included Drs. Alejandro Bravo and Jose Maria Tijerino.

ii. Other activities:

- Participation in the development of revised M&E and Gender Action Plans (GAP) for Nicaragua.
- Organization of Mainstreaming workshop for USAID and US Embassy personnel with technical support of AAA Project.
- Coordination meetings were held with Checchi, Management Sciences for Health (MSH) and the Adventist Development & Relief Agency International (ADRA) for FY06 activities that can be mutually supported.

iii. Achievements and Obstacles

Achievements

- Technical assistance provided at the municipal level through the *Grupo FUNDEMOS* grant results in 41% (both in number of projects and value) of the community projects approved within the San Marcos 2006 annual budget represent citizen-initiated projects.
- Municipal efforts in the city of San Marcos, Carazo result in two agreements for community counterpart contributions in order to help fund local projects.
- Successful coordination with USAID in the organization of the Mainstreaming Workshop imparted by the AAA project and positive feedback from the participants.

Obstacles

- Absence of a consensus on a national anti-corruption/transparency strategy
- Lack of an approved Work Plan for 2006

iv. Planned Activities by each Sub IR and LLR for the next quarter

SUB IR 2.1: More Transparent Systems for Management of Public Resources by the National Government

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented

Provide assistance in the transformation of the Office of Public Ethics (OEP) into GON entity responsible for implementation of a national anti-corruption strategy.

LLR 2.1.2: Implementation of Inter-American Convention against Corruption Commitments

IACC – CSO/GON exchanges to enhance public awareness and promote monitoring and reporting on IACC compliance

LLR 2.1.3: Improved national government budget transparency, management and execution

Consultancy for support implementation of the GON's Voluntary Access to Information Strategy (EVA) within the Ministry of Finance

LLR 2.1.5: Initiatives to reduce petty corruption (bribe solicitation) developed and implemented

Coordination and design of MINSA point of service public information campaign to prevent corruption

Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs

LLR 2.2.2: Improved local government budget transparency, management and execution

Under *Ética y Transparencia* grant: Once official approval is provided, initial contacts with selected municipalities, creation of monitoring groups, initiation of radio campaign

Under *Grupo Fundemos* grant: San Marcos: Forum for Donors; Townhall Meeting on execution of 2005 municipal budget; Chinandega and Palacagüina: Once official approval is provided, Townhall Meetings for discussion of 2005 budget execution

Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

LLR 2.3.1: Strong civil society participation and oversight

Consultancy for Access to Information project

Creation of the *Grupo de Apoyo*.

Resume discussions with CSO *Hagamos Democracia* for leadership role in civil society activities

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

Negotiate organization of DR-CAFTA Transparency Seminar for following quarter with private sector association/s

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

Training event/s on topic of access to information

Sub IR 2.4: Accountability of elected and appointed officials improved

LLR 2.4.1: Political parties and elected leaders' accountability improved

IFES sub-contract/s for medium-term program for monitoring political party finances.

EL SALVADOR

Introduction

This quarterly report covering the period October 1 through December 31, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with both Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00, Central American and Mexico (CAM) Transparency, Anti-corruption and Accountability Program.

I. Technical Update

i. Key Activities

During this quarter, full mobilization status was granted to the Transparency, Anti-corruption and Accountability Program (T/AC) in El Salvador. The official name by which the T/AC Program in El Salvador will henceforth be known is the Transparency and Governance (TAG) Program. As such, a priority for the TAG Program was to make a swift transition from a two-month pre-deployment phase (August-September 2005) into a "normal" operational modality. This involved work in two areas.

A. Administrative Activities

First, the TAG Team worked on an administrative dimension by focusing on completing the process of hiring personnel, establishing an office space, equipping it and obtaining the necessary services, as well as legalizing the project according to current laws. Key activities were:

- **Recruitment:** The process for filling all nine positions was carried out in a very systematic, transparent, fair and impartial manner. Ultimately, the TAG Program hired the following staff: Otto Vidaurre, José Manuel Castillo and Danilo Padilla (Technical Experts); Ruth de Guerra and Guadalupe de Hernández (Administrative Assistants); Martha Saprissa (Office and Finance Manager); Alejandrina Bonilla (Receptionist and Secretary); and Mauricio Marquez (Driver/Messenger). Once all legal papers were filed and the company acquired legal status, the personnel

contracts for the above-mentioned individuals were duly signed on December 29th. These contracts included job descriptions and acceptance of the company's Code of Ethics.

By December 31st, the TAG Program had completed a majority of its recruitment tasks, except for the hiring of a Fourth Technical National Legal Expert. Even though the TAG Program had selected a primary and alternate candidate during the recruitment process, the request for approval wasn't completed mainly because of discrepancies with timing and remuneration issues. Immediately thereafter, the TAG Program initialized a new search to fill the vacancy. On November 14th, the opening was publicized in two major newspapers. As a result, twenty-eight (28) potential candidates sent their curriculums vitae, of which eight (8) were interviewed and three (3) were selected as finalists. The TAG Program expects this new recruitment process to culminate in January 2006 and have the fourth Expert on board by the end of January.

- **Permanent Office:** The TAG Program relocated to its permanent office on October 14th, and worked arduously to obtain the necessary services and equipment (bank account, telephones, furniture, internet, security, maintenance, health, theft and car insurance). During this period the TAG Team was also involved in finalizing the registration of Casals and Associates (C&A) to operate legally and under all corresponding laws in El Salvador. On December 6, with the help of the Law firm Berdugo & Vidaurre, C&A was finally approved to be legally established and to operate in El Salvador in compliance with all rules and regulations.
- **Training of Financial Management (November 28 - December 2):** The TAG Program received support from the Program office in Panama through the visit of their Financial/Office Manager to El Salvador to train the newly appointed Financial/Office Manager on the rules and regulations of finance and human resources management. The topics covered were use of Quickbooks, preparation of regular Impress Fund Reports, transfer of funds, budget tracking of real expenditures, vacation and leave policy, use of corporate credit cards, bank account reconciliation, payroll, petty cash procedures, travel expense reporting, international training procedures (when funded by USAID), local and international consultant contracting procedures, procurement procedures (quotations and negotiation memos), Small Grant Program Guidelines, Financial Reporting, Auditing, and others.

B. Technical Activities

During this reporting period, the TAG Team also worked on the technical and more substantive aspect of the Task Order. In this area, the TAG Program had a two-pronged strategy. First, in accordance with a modification request to the original scope of work, develop a work plan and an expanded proposal. Secondly, to promote a policy dialogue with key actors and stakeholders, many of which had not been interviewed during a pre-deployment assessment that was conducted in July 2005. Given that the above-mentioned modification involved the incorporation of a new activity --

transparency in the justice sector, which was not originally contemplated -- the policy dialogue process became a key resource to get input and ideas and to meet new potential counterparts.

The response to the scope of work modification request involved the drafting of an Expanded Proposal, which was done through various consultative and review meetings. The Work Plan, Expanded Proposal and corresponding modified budget were submitted to USAID for approval on December 16th, and as of December 31st they had not yet been approved. In addition, the official Small Grants Guidelines approved by the Contracting Officer (CO) was also submitted to USAID/El Salvador for discussion.

▪ **Visit of the T/AC Program Chief of Party and Meeting with USAID Director – November 28**

The Chief of Party of the T/AC Program, Mr. Patricio Maldonado, traveled to San Salvador to attend the first official meeting with the USAID Director, Mr. Mark Silverman. During this meeting were also present Program CTO Mauricio Herrera and alternate CTO Ana Luz de Mena, as well as Program Director Carlos Guerrero and Senior Technical Advisor Gerardo Berthin. Mr. Silverman welcomed the team and emphasized the importance of the TAG Program for El Salvador; particularly in light of the fact the Salvadoran President had just signed a new Decree, establishing a broad Code of Ethics Program for the Executive Branch. Mr. Silverman also agreed to participate in the official launching of the Program scheduled for December 9th. The meeting also provided an opportunity to highlight the importance of multi-country activities.

In addition, during his visit Mr. Maldonado also met with the TAG Program Staff and with Program CTOs, as well as with two government officials who attended the Good Governance Conference in Mexico in November 2005 as a follow-up.

▪ **Official Launching of the TAG/El Salvador Program – December 9**

The TAG Program was officially launched on Friday December 9th. For this purpose, the Program invited over 140 stakeholders representing governmental and non-governmental sectors and potential counterparts. The program organized the launching event on its premises. More than guests attended the launching ceremony. From C&A Headquarters, Mr. David Cohen, Vice-President of International Programs, traveled to San Salvador to represent the company. During the event Mr. Mark Silverman, Mr. David Cohen, Mr. Carlos Guerrero and Mr. Gerardo Berthin, delivered addresses to the audience. In accordance with USAID, the selection of the date to hold the launching coincided with the celebration of the International day for Anti-corruption.



USAID Director – Mr. Mark Silverman

TAG

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Highlights of article that appeared in the *Prensa Gráfica* of December 19th, 2005 related to the launching of the TAG Program



La base del futuro, por Juan Héctor Vidal, Columnista de LA PRENSA GRÁFICA

Como plaga global, calificó la corrupción uno de los disertantes en el lanzamiento —la semana antepasada— del Programa de Transparencia y Gobernabilidad de la Agencia de los Estados Unidos para el Desarrollo Internacional (USAID). Este evento tuvo lugar en el marco del Día Mundial Contra la Corrupción, que recuerda la suscripción —el 9 de diciembre de 2003, en Mérida, Yucatán— de la Convención de las Naciones Unidas sobre el tema. El Salvador fue uno de los tres primeros países, junto a Kenia y Sri Lanka, que ratificó dicha Convención; a la fecha lo han hecho 40, de los 135 que la suscribieron inicialmente. Consecuentemente —como se dijo en el evento—, el país ya no tiene excusa para seguir tolerando este cáncer que carcome el tejido social y destruye los órganos en que descansa la convivencia armoniosa.

...Aun así, el país tiene en el Programa de Transparencia y Gobernabilidad una oportunidad excepcional para, con el respaldo internacional, impulsar transformaciones de fondo en materias de suyo complejas y muy cuestionadas como el sistema judicial, la Corte de Cuentas, el sistema electoral y de partidos, el proceso presupuestario, las compras gubernamentales, la descentralización, etc. La tarea no es fácil. Sin embargo, tampoco podemos eludir el desafío de empezar a construir sobre la base de instituciones respetadas y respetables, donde la moral y la ética de los funcionarios públicos no se pongan en duda y la impunidad sea solo un recuerdo de un pasado vergonzoso. De ello depende el futuro de nuestros hijos y nuestra viabilidad como país.

▪ **Coalition Building**

Given that coalition building has been highlighted as a key activity, the TAG Program began organizing a mission to El Salvador of Partners for Democratic Change (PDC), an international organization committed to building sustainable local capacity and coalition building. PDC and C&A have successfully worked before in the area of supporting transparency coalitions. As such, the TAG Program will be working closely with PDC to design and implement a transparency coalition building agenda for El Salvador. The PDC's initial mission will take place in January 2006 and will include meetings with a selected group of CSOs/NGOs representing a wide variety of sectors. The mission will also promote the idea and usefulness of coalition building in the area of transparency, use the interaction with CSOs and NGOs as inputs for the programmatic proposal, and produce a realistic and feasible plan

of coalition building activities that can be implemented during the course of the TAG Program.

▪ **Policy Dialogue and Consultation with Key Stakeholders**

With the concurrence of USAID, during part of November and the entire month of December 2005, TAG Team members met with about 15 key governmental and non-governmental stakeholders. The purpose of these meetings was to present the program, discuss potential areas of collaboration and to create spaces for dialogue on a number of issues related to the TAG Program. Given that this is the first time in El Salvador that a program specifically emphasizing transparency is being implemented, the policy dialogue and consultation process becomes a key strategic tool to measure political will, build public interest in reinforcing the will of the government, and facilitate implementation of the activities of the TAG Program.

Below is a list of the organizations that participated in the policy dialogue and consultation process, and highlights of the meetings. They are organized in accordance with the main sectors of work mentioned in the work plan.

SO: Ruling Justly: More Responsive, Transparent Governance

IR 1 – Strengthened Rule of Law

A. Sub IR 1.1: Improved transparency and efficiency of judicial processes

LLR 1.1.1: Promote Transparency, efficiency and understanding of judicial processes

These meetings are all designed to be part of a consultative and policy dialogue process with governmental and non-governmental organizations. Similarly, these meetings are providing the space to explore the possibility of specific activities, such as baseline indicators to measure transparency in the justice sector and coalition building.

Instituto de Derechos Humanos de la Universidad Centro Americana (IDHUCA) – November 17

As requested by USAID, the TAG Program paid a visit to IDHUCA and met with its Executive Director and his colleagues. Earlier, IDHUCA had visited the TAG Program to present its programmatic agenda. The purpose of the second meeting was to explore the possibility to support IDHUCA in activities related to the promotion of legislative reforms, particularly in relation to the selection process of the Attorney General (*Fiscal General*). The role of civil society was highlighted, as well as strengthening coalition building efforts. As opportunities arise in the future, the TAG Program will continue to pursue dialogue with IDHUCA to find effective ways to promote civil society participation in favor of a more transparent decision-making process. IDHUCA is one of the country's leading human rights organizations, which has credibility, is independent and has technical competence. It started during the war, and continues to be involved in significant activities, projects and programs related to the

promotion of human rights. It has built its capacity to influence public policy and has worked on specific cases that have become emblematic of the country's human rights situation. IDHUCA has advocated for public security policies, administration of justice, and, more recently, witness protection. It has also investigated, reported and filed cases, setting important precedents for investigating and punishing human rights violations and abuse of power.

Probidad/Judicial Branch – December 7

The TAG Program Team met with representatives from the Office of Probidad of the Judicial Branch. This is the office in El Salvador that manages the Asset Declaration System

Fundación de Estudios para la Aplicación del Derecho (FESPAD) – December 15

During this meeting the TAG Program was mainly introduced to its activities to promote transparency in the judicial sector. FESPAD has two key initiatives: 1) the Center for Penal Studies (CEPES) dedicated to carry out studies and research on the performance of the penal and judicial system in El Salvador and to promote professional strengthening of students in the judicial field; and 2) the Center for Constitutional Studies and Human Rights (CECDH). Emphasis was also given to the issue of coalition building in the justice sector. FESPAD expressed interest in exploring potential areas of collaboration.

Unidad Técnica Ejecutiva (UTE) of the Justice Sector – December 6

The TAG Program met with top officials from UTE, a coordinating agency at the justice sector that works with five key institutions: Judicial Branch (Organo Judicial), Attorney General, Public Defender, National Judiciary Council and the Ministry of Governance. The TAG Program presented its scope of work, and UTE agreed to follow-up with some potential ideas for collaboration.

Judges' Forum (Foro de Jueces) – December 23

The Judges' Forum is a professional association that has national coverage. The meeting focused on exploring possible activities with the Forum, particularly in the area of the Inter-American Convention against Corruption. The Forum is very interested in providing training to a group of judges in and outside of San Salvador. The Forum will follow-up with the TAG Program in January 2006 to further explore possibilities.

IR 2 – Greater Transparency and Accountability of Governments

A. Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizen's needs

LLR 2.2.1: Improved decentralization policy framework

This activity is designed to support efforts of CONADEL in the design and implementation of an action plan in support of strengthening decentralization policies. The TAG Program is working with CONADEL, through the donor network for local governance RECODEL. This is part of an effort to help CONADEL develop and implement an action plan for the agenda, define roles and responsibilities and identify and prioritized specific activities. A key area of emphasis is the support of the process of passing a new municipal property tax law.

Comisión Nacional de Desarrollo Local (CONADEL) – December 6

The TAG team accompanied by Ana Luz de Mena, alternate CTO of the Program, visited the Presidential Commissioner for Governance to discuss possible avenues of cooperation particularly in relation to the agenda of CONADEL related to decentralization issues. Moreover, the TAG Program was invited to participate in the launching of a UNDP project that provides technical assistance in government accounting. Subsequently, the TAG Program also participated in meetings with RECODEL, the donor network for local governance, related to the new municipal tax law. The TAG Program will follow-up on these meetings with some concrete ideas.

B. Sub IR 2.3: More opportunities for citizen participation in and oversight of national and local government decision making

LLR 2.3.1: Strong civil society participation and oversight

The TAG Program is using these meeting with civil society organizations, including the business sector, to start mobilizing these key actors. The consultative process is providing a mechanism through which major stakeholders can provide inputs, and participate in both the design and implementation of transparency activities. In addition, these meeting are providing an opportunity to explain the Civil Society Sub-Grant Initiative, which the TAG Program plans to launch during the next quarter.

A key premise for these initial activities with civil society organizations is that it will be crucial to forge an effective non-political transparency coalition to take the lead in monitoring government performance, as well as in demanding transparency and accountability. During these meetings five themes are being discussed: 1) monitoring the compliance of the Inter-American Convention against Corruption; 2) skills and tools (e.g., advocacy, social auditing, and strategic engagement); 3) access to information; 4) private sector engagement and participation; and 5) coalition building.

Fundación de Apoyo a los Municipios de El Salvador (FUNDAMUNI) – December 6

The team visited FUNDAMUNI and met with its Executive Director. FUNDAMUNI was briefed on the objectives and scope of work of the TAG Program. FUNDAMUNI is one of the leading civil society organizations working the area of local governance. Given FUNDAMUNI's experience, the focus of the meeting was on generating ideas of how to increase transparency at the local level. FUNDAMUNI is currently working in 35 municipalities. The TAG Program will organize a follow-up meeting.

Fundación Dr. Guillermo Manuel Ungo (FUNDAUNGO) – December 2

The TAG Program Team met with representatives of FUNDAUNGO. This was a follow-up meeting to two previous meetings held with the TAG Program, in which potential areas of collaboration were discussed. FUNDAUNGO is a private non-profit organization, created in 1992 with the mission to contribute to the democratic development of El Salvador and to promote citizen participation. FUNDAUNGO works as a research and academic center and provides education, training and consultancy services through programs and projects in the following areas: 1) Improving the capacity of civil society to create proposals to resolve political, economic and social problems; 2) Strengthening municipalities in participative management, administrative capacity and transparency; and 3) Expanding educational opportunities for low-income sectors. With the TAG Program, several areas of potential collaboration were analyzed and discussed, such as access to information, transparency in the justice sector, transparency indicators for local governance and citizen oversight and participation. FUNDAUNGO is interested in policy dialogue and coalition building activities as well. The dialogue with FUNDAUNGO is open and on-going to explore areas for future collaboration.

Asociación Nacional de la Empresa Privada (ANEP) – December 5

The TAG Program visited the offices of ANEP, the largest organization representing the business sector. ANEP is made up of more than 40 associations representing 55 sub-sectors in such areas as agriculture, industry, commerce and service and over 10,000 businesses. ANEP is thus an important entity representing the country's business sector. Throughout its over thirty years of existence, ANEP has played a very important role in positioning the private sector in political, economic and social events. Given this background, the TAG Program Team met with ANEP's Executive Director to discuss potential areas of collaboration. The discussion focused on training activities, as well as on exchanging best practices with other similar organizations in Latin America in promoting transparency and ethics in the private sector.

Instituto Universitario de Opinión Pública de la Universidad Centroamericana (IUDOP) – December 12

The TAG Program Team met with representatives of IUDOP, Mr. Miguel Cruz and Ms. Marcela Escobar. IUDOP is one of the leading entities in El Salvador conducting surveys and studies. In 2004 with the help of USAID, it carried out two specialized surveys on corruption: one capturing the opinions and perceptions of the business sector and a second focusing on victimization. All of IUDOP's studies provide important insight on understanding corruption in El Salvador and its impact. The TAG Program Team discussed new potential ideas to build on the previous experiences, including the replication of a cost of corruption study conducted in Peru, Mexico and Bolivia, as well as a survey of public servants. The dialogue was kept open to discuss further areas of potential collaboration.

Fundación Maquilishuat (FUMA) – December 13

The TAG Program met with the representatives of FUMA to learn about its activities and explore potential areas of collaboration. During its 19 years of operations FUMA has

made valuable efforts to support and facilitate processes in favor of promoting integral human development of urban and rural population that live in conditions of poverty and extreme poverty. They work in programs and projects related to the promotion of health and various gender issues. They have conducted one of the few social auditing exercises of the public health services. The possibility to conduct other social auditing activities was discussed. FUMA is also interested in the coalition building process.

Organización Empresarial Femenina (OEF/EI Salvador) – December 14

The main representatives of OEF hosted the TAG Program Team. OEF is the leading organization promoting gender and development issues in El Salvador. They are very interested in incorporating in their programmatic agenda transparency activities, including coalition building.

Probidad – December 15



Probidad is the only CSO in El Salvador that works entirely with issues related to transparency and anti-corruption. Since 1994, *Probidad* has promoted several key issues, such as compliance of the Inter-American Convention against Corruption (ICAC), judicial transparency, municipal transparency and investigative journalism. It has elaborated the report to monitor the fulfillment of the government's commitments with the

ICAC. It has done a study to measure the effectiveness of governmental websites. *Probidad* also conducted the study on budget transparency for El Salvador in 2003 and 2005, as part of the International Budget Project initiative. *Probidad* also has great potential and reputation for playing an important role in raising awareness about the cost and impact of corruption. *Probidad* is well known in many governmental and non-governmental circles. They are also well recognized outside El Salvador, as they have worked in Honduras, Panama and Nicaragua.

Probidad visited the TAG Program. The discussion centered on exploring collaborative areas and themes. One of *Probidad's* key priorities is to promote and facilitate the participation of other civil society and non-governmental organizations in transparency activities, as well as to focus on tracking the investigation of corruption cases. They welcomed the idea of a transparency coalition in El Salvador, and indicated their plans to promote the creation of a regional anti-corruption network in countries where they have a presence, such as Nicaragua. The dialogue with *Probidad* is open and on-going to find areas for future collaboration.

C. Sub IR 2.4: Accountability of elected and appointed officials improved

LLR 2.4.2: Accountability of appointed officials improved

On November 2005, the Executive Branch launched a new decree that instructs all entities of the Executive Branch to implement a new normative framework to regulate ethics in the public sector. Thus, the initial meeting with the Executive Secretary for Legislative and Judicial Affairs of the Presidency provided an opportunity to discuss how the TAG Program can help in the design and implementation of a public ethics program in the Executive Branch.

The meetings with CONAMYPE and the Presidential Commissioner for the Defense of Consumers provided an opportunity to explore how the TAG Program could support them in transparency and accountability activities. Some of the topics discussed were access to information, citizen participation and oversight, internal controls and the promotion of ethics.

Executive Secretary for Legislative and Judicial Affairs of the Presidency – December 2

Upon the approval of a Code of Ethics for the Executive Branch and the plan to convene an Executive Secretary for Ethics, the Program met on December 2nd with the Executive Secretary for Legislative and Judicial Affairs of the Presidency. The purpose of this meeting was to present the Program and to learn more about the recently passed Executive Order No. 101, also known as the Ethical Norms Program for Public Sector Employees of the Executive Branch. Several potential areas of cooperation were delineated to assist them in the implementation of the program, as well as in the operationalization of the Executive Secretary for Ethics. The TAG program is organizing a follow-up meeting to further identify support activities.

Comisión Nacional para la Pequeña y Microempresa (CONAMYPE) – December 19

The TAG Program Team met with representatives from CONAPYME, the main governmental institution responsible for supporting small and medium enterprises. The main topic of discussion was training in business ethics. There will be a follow-up meeting to further explore the design of training modules.

Presidential Commissioner for the Defense of Consumers – December 20

The TAG Program held two meetings with one of the most recognized public figures in El Salvador, the Presidential Commissioner for the Defense of Consumers; one at their premises and the second at our offices



As the Presidential Commissioner for the Defense of Consumers, her mandate is to implement the recently passed Law of Consumer Protection, and, as such, it involves tackling directly and indirectly several issues related to transparency. In addition



to exchanging ideas on potential lines of collaboration, and at her request, the TAG Program prepared and presented a summary of the three Cost of Corruption experiences in the region (Mexico, Peru and Bolivia) The purpose was to analyze possibilities to eventually replicate those experiences in El Salvador.

The Presidential Commissioner also emphasized four priority thematic areas:

- 1) the dissemination of materials explaining the rights and obligations of citizens;
- 2) consumer information in the Education sector;
- 3) strengthening the National System of Consumer Protection, and
- 4) citizen observatory to monitor the culture of fraud.

They will be sending a proposal to the TAG Program.

ii. Other Activities

MULTI-COUNTRY ACTIVITY

Mainstreaming Workshop in Nicaragua – November 14-18

The Mission of USAID/Nicaragua requested the support of the TAG/El Salvador Program to organize and deliver a workshop on Mainstreaming Anti-corruption for the entire U.S. Mission in Nicaragua. Given his extensive experience, Dr. Gerardo Berthin, the TAG Program's Senior Technical Advisor, was invited to be the main instructor of the workshop, accompanied by other C&A specialists. The training was attended by about 25-30 participants, including the U.S. Ambassador,



Dr. Gerardo Berthin – Main Instructor

USAID Acting Director, the DCM and the Comptroller. The two presentations made by Dr. Berthin, one on sectoral vulnerabilities and the other on tools and strategies, along with the sharing of lessons learned and best practices, were extremely useful and illustrative for the participants. The success of this program was praised by the USAID officials and recommended to be replicated in other USAID missions.

Forum on the Electoral Salvadoran System – November 23

The TAG Program attended a forum on the electoral Salvadoran system, organized by *Fundación Salvadoreña para el Desarrollo Económico y Social* (FUSADES), one of the most important think-tanks in El Salvador. This event was part of a series of forums organized by FUSADES, as part of their governance initiative. The forum provided TAG Program staff an opportunity to participate in a key policy dialogue activity and engage with several potential stakeholders. A key topic of discussion was political parties and the strengthening of democratic institutions, including accountability and transparency.

Mainstream Training for TAG/El Salvador Staff – December 12-14

During the month of December, and taking advantage of the holiday season, the TAG Program held an Internal Mainstream Training for its entire staff to familiarize them with the principal topics, strategies and approaches of the Program. In addition to providing a common language and exposing staff to the main topic of the Program, the internal workshop also provided an opportunity to discuss and review the Work Plan and Expanded Proposal in detail. The agenda of the three-day workshop included an introduction to the work of C&A and to the scope of work of the T/AC and the TAG/El Salvador programs respectively; a mini mainstreaming workshop as well as substantive discussion sessions with the technical personnel on the Corruption Assessment, the Work Plan and the Expanded Proposal. The staff was thrilled and found the training workshops of most use for their future work (see comments below). The purpose of this exercise was to provide all staff with a common understanding of the main topic of the TAG Program, including terminology, definitions, vocabulary, costs, measurement, and conceptual frameworks. Moreover, it was important for the staff to understand how corruption is perceived and manifested in El Salvador, using the latest data from a variety of recent studies.

Highlights of Comments from TAG Program Staff on the Internal Mainstream Training December 12-14, 2005
<p><i>"...pues en lo personal, quiero agradecer el tiempo que invierten para formarnos en este tema, para mi esta es una experiencia totalmente nueva y aunque en general como mucha de la gente que participa en las encuestas conozco sobre la corrupción de nuestro país, me satisface el hecho de saber que de alguna forma estaré aportando un granito de arena para mejorar la situación. Este tipo de actividades no solamente contribuye a que los que estamos en la oficina aprendamos del tema y de lo que es el programa en sí, pero también nos sirve de motivación para trabajar bien."</i></p> <p><i>"...en lo particular me siento muy contenta y privilegiada de ser parte de la familia de Casals...y en lo profesional muy satisfecha de poder recibir el conocimiento que nos proporcionan, ahora veo con otra óptica este tema de la corrupción...hay mucho que hacer y me siento orgullosa de que pondré mi granito de arena para que todo el desarrollo de esta gestión sea un éxito total."</i></p> <p><i>"Las presentaciones me parecieron muy buenas, sobre todo la de dinámica de la corrupción en América Latina y en El Salvador, porque está muy ilustrativa y es un vistazo de dos contextos al mismo tiempo."</i></p> <p><i>"Quiero manifestar mi satisfacción por el desarrollo del taller. Que inducción mas rápida podría haber tenido, sobre el trabajo de C&A y en específico sobre el TAG en El Salvador."</i></p> <p><i>"La importancia de la reunión la podemos ver en diferentes dimensiones y fácilmente podemos enumerar las utilidades y beneficios que produjo. Para todo el equipo de la oficina fue muy útil dado que nos pudimos enterar que es lo que tiene que implementar la oficina en los próximos meses y los retos que ello conlleva. Esto permitirá abrir el interés en los diferentes compañeros y participar de manera más proactiva en todo el proceso."</i></p> <p><i>"me pareció muy útil e interesante para ampliar el conocimiento de la labor que realiza C&A/El salvador y la importancia que tiene para conocer mas a fondo la realidad en nuestro país tanto en el ámbito político, social y económico y su desarrollo a niveles de transparencia y gobernabilidad."</i></p>

Workshop Organized by the Salvadoran Association of Journalists – November

Two key technical personnel of the TAG Program actively participated in the two-day workshop, *Taller Iberoamericano sobre Comunicación y Participación Ciudadana*, organized by APES (*Asociación de Periodistas de El Salvador*). They were present in the presentations and actively engaged in discussion tables on issues related to citizen participation. In addition to well-known journalists from San Salvador and representatives from Mexico and Peru, the TAG Program staff was also able to interact with journalists from throughout El Salvador, including from the rural areas.

iii. Achievements and Obstacles

During the Reporting Period, the TAG Program worked actively to start implementing activities. Principal achievements include:

- Effective progress in the elaboration of the Work Plan and Expanded proposal, in accordance to a modification of the original scope of work.
- Successful culmination of key administrative activities, (hiring personnel, establishing an office space, equipping it and obtaining the necessary services, as well as legalizing the project according to current laws), providing the TAG Program with the necessary administrative infrastructure to implement activities.
- Direct policy dialogue by program staff with key governmental and non-governmental organizations, which resulted in greater awareness of the TAG Program, its objectives and areas of work.
- Marked improvements in building synergies and an effective working relationship between USAID, Program staff and stakeholders.
- Through the Internal Mainstream Training the entire TAG Program Staff is familiar with the work plan and proposal, as well as with the principal topics, strategies and approaches of the program.

No significant obstacles were identified during the reporting period.

iv. Planned Activities by Each Sub-IR and LLR for the Next Quarter

During the next quarter in El Salvador there will be legislative and local elections (March 12, 2006). The TAG Program will monitor closely the process and the results, as they may have implications for the Program.

Following is a list of activities that the TAG Program will prioritize during the next quarter:

SO: Ruling Justly: More Responsive, Transparent Governance

IR1 – Strengthen Rule of Law

A. Sub IR 1.1: Improved transparency and efficiency of judicial processes

LLR 1.1.1: Promoting transparency and efficiency of judicial processes

Policy Dialogue and Consultative Process

The TAG Program will continue the round of policy dialogue and consultative meetings with key stakeholders.

Coalition Building

Intensify the coalition building activities. In the month of January, the TAG plans to bring to El Salvador two representatives from Partners for Democratic Change, Colleen Zaner, Business Development Specialist and Brigitte Iarrusso, Coalition Building Expert. The purpose of their visit will be: a) to help in planning the programmatic agenda for coalition building activities in El Salvador under the TAG Program, b) to meet with a selected group of CSOs/NGOs to promote the idea and usefulness of coalition building in the area of transparency, c) to use the interaction with CSOs and NGOs as input for the programmatic proposal, and d) to produce a realistic and feasible plan for coalition building activities that can be implemented during the course of this Fiscal Year. They will travel to San Salvador, El Salvador, from January 21, 2006 to January 28, 2006.

Inter-American Convention against Corruption

The TAG Program plans to explore with key governmental and non-governmental organizations the implementation of a workshop targeting judges and lawyers.

IR 2 – Greater Transparency and Accountability of Governments

A. Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizen's needs

LLR 2.2.1: Improved decentralization policy framework

CONADEL

The TAG Program will continue to interact with CONADEL, the main inter-institutional entity charged with coordinating relations between national and local government, and plans to explore technical assistance areas, particularly in relation to the municipal property tax law. The TAG Program also plans to explore with COMURES and various civil society organizations, activities to disseminate the newly passed Municipal Code, particularly in relation to its Chapter on citizen participation and transparency.

B. Sub IR 2.3: More opportunities for citizen participation in and oversight of national and local government decision making

LLR 2.3.1: Strong civil society participation and oversight

Policy Dialogue and Consultative Process

The TAG Program will continue the round of policy dialogue and consultative meetings with key stakeholders.

Coalition Building

(See planned activity under LLR 1.1.1)

Fundación Arias

A one-day seminar with the Arias Foundation for Peace and Progress from Costa Rica will be held in January, with two key topics to be discussed: citizen participation and ethics and transparency.

Civil Society Sub-Grant Initiative

Preparations are underway to launch the first of a series of small competitive grants. One key element will be a training component. The TAG Program hopes to have launched its first small grants competition by the next reporting period. It will include a preparatory workshop, where the TAG Program will provide mainstreaming anti-corruption elements.

C. Sub IR 2.4: Accountability of elected and appointed officials improved

LLR 2.4.2: Accountability of appointed officials improved

Training Activities in Support of Transparency in Political Parties

The TAG Program will also be exploring the possibility of having political party experts jointly design training activities for political leaders in El Salvador, particularly women and the young. A consultancy mission is being planned for the latter part of February.

Activities to Promote Ethics and Accountability in the Public Sector

Based on an original idea that was suggested by the TAG Program, during the next quarter the TAG Team will also work on designing a multi-country activity involving the *Fiscales Anticorrupción* of the four CAM countries. The event will provide an opportunity to discuss progress, problems, strategies, best practices and lessons learned. It will also be an opportunity to interact and exchange information, approaches and methodologies.

II. Administrative Update

No documents were submitted to DEC during this